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

GLOBAL OFFERING

Sole Global Coordinator and Sponsor

UBS Investment Bank

Joint Bookrunners

UBS Investment Bank

MACQUARIE

J.P.Morgan

* for identification purposes only

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

BBMG 金隅

北京金隅股份有限公司
BBMG Corporation*

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**933,333,000 H Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**93,334,000 H Shares (subject to adjustment)**
Number of International Placing Shares	:	**839,999,000 H Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$6.38 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund on final pricing, plus brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%)**
Nominal Value	:	**RMB1.00 each**
Stock Code	:	**2009**

Sole Global Coordinator and Sponsor

UBS Investment Bank

Joint Bookrunners

UBS Investment Bank MACQUARIE J.P.Morgan

Hong Kong Exchanges and Clearing Limited, the Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached to it the documents specified in "*Appendix IX — Documents Delivered to the Registrar of Companies and Available for Inspection*", has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 23 July 2009 and, in any event, not later than 5:00 p.m. on Monday, 27 July 2009. The Offer Price will be not more than HK$6.38 and is currently expected to be not less than HK$5.18 unless otherwise announced. Applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$**6.38** for each Hong Kong Offer Share together with a brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price as finally determined should be lower than HK$6.38.

The Joint Bookrunners (on behalf of the Underwriters) may, with our consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (which is HK$5.18 to HK$6.38 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, notices of the reduction in the number of the Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. Such notices will also be available at the website of the Stock Exchange at **www.hkex.com.hk** and our website at **www.bbmg.com.cn**. If applications for the Hong Kong Offer Shares have been submitted before the day that is the last day for lodging applications under the Hong Kong Public Offer, then even if the number of the Offer Shares and/or the indicative Offer Price range is so reduced, such applications cannot be subsequently withdrawn. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (on behalf of the Underwriters) and us, the Global Offering (including the Hong Kong Public Offer) will not proceed. For further details, see "*Structure of the Global Offering*" and "*How to Apply for Hong Kong Offer Shares*".

We are incorporated, and our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risks relating to investments in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Such differences are described, and risks are set out, in "*Risk Factors*", "*Regulatory Overview*", "*Appendix VI — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions*" and "*Appendix VII — Summary of Articles of Association*".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription of, the Hong Kong Offer Shares, are subject to termination by the Global Coordinator (on behalf of the Hong Kong Underwriters) if certain circumstances or grounds arise at any time before 8:00 a.m. on the Listing Date. These circumstances or grounds are set out in "*Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for termination*". It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and, subject to certain exemptions, may not be offered or sold within the United States.

* *for identification purposes only*

17 July 2009

Application lists of the Hong Kong Public Offer open[2]	11:45 a.m. on Wednesday, 22 July 2009
Latest time to lodge **white and yellow** Application Forms	12:00 noon on Wednesday, 22 July 2009
Latest time to give **electronic application instructions** to HKSCC[3]	12:00 noon on Wednesday, 22 July 2009
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[4]	11:30 a.m. on Wednesday, 22 July 2009
Latest time to complete payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 22 July 2009
Application lists of the Hong Kong Public Offer close	12:00 noon on Wednesday, 22 July 2009
Expected Price Determination Date[5]	Thursday, 23 July 2009

Announcement of:

- the Offer Price;
- the level of applications in the Hong Kong Public Offer;
- the level of indications of interest in the International Placing; and
- the basis of allotment of the Hong Kong Offer Shares

will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Tuesday, 28 July 2009
Results of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers, where appropriate) will be available (please refer to *"How to Apply for Hong Kong Offer Shares — Publication of Results"*) from	Tuesday, 28 July 2009
Results of allocations in the Hong Kong Public Offer will be available at **www.iporesults.com.hk** with a "search by ID" function	Tuesday, 28 July 2009
H Share certificates in respect of wholly or partially successful applications will be despatched or deposited into CCASS on or before[6][7]	Tuesday, 28 July 2009
Refund cheques (if applicable) will be despatched on or before[8]	Tuesday, 28 July 2009
Dealings in H Shares on the Stock Exchange are expected to commence on	Wednesday, 29 July 2009

Notes:

(1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in *"Structure of the Global Offering"*. We will publish an announcement in case there is any change in the expected timetable of the Hong Kong Public Offer shown above.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 22 July 2009, the application lists will not open and close on that day. For further details, see *"How to Apply for Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists"*.

(3) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to *"How to Apply for Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC"*.

(4) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, at which time the application lists will close.

(5) The Price Determination Date is expected to be on or around Thursday, 23 July 2009 and in any event not later than 5:00 p.m. on Monday, 27 July 2009. If, for any reason, we and the Joint Bookrunners (on behalf of the Underwriters) are unable to reach an agreement on the Offer Price, the Hong Kong Public Offer and the International Placing will not become unconditional and will not proceed.

(6) **H Share certificates will only become valid certificates of title if the Global Offering becomes unconditional and neither of the Underwriting Agreements is terminated in accordance with its terms before 8:00 a.m. on the Listing Date, which is expected to be Wednesday, 29 July 2009**. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of H Share certificates and before the H Share certificates become valid certificates of title do so entirely at their own risk.

(7) Applicants who have applied on **white** or **yellow** Application Forms or through the White Form eIPO service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offer and have indicated in their applications that they wish to collect in person any refund cheques and, in the case of applicants who have applied on **white** Application Forms or through the White Form eIPO service for 1,000,000 or more Hong Kong Offer Shares, H Share certificates, to which they are entitled, may collect them from the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. and 1:00 p.m. on Tuesday, 28 July 2009. Applicants being individuals who opt for personal collection may not authorise any other person to make collection on their behalf. Applicants being corporations that opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. Applicants who have applied on **yellow** Application Forms may not elect to collect their H Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to *"How to Apply for Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC"* for details. Uncollected H Share certificates and refund cheques will be despatched by ordinary post and at the applicants' own risk to the addresses specified in the relevant Application Forms. For further details, see *"How to Apply for Hong Kong Offer Shares — Despatch/Collection of H Share Certificates and Refund Cheques"*.

(8) Refund cheques will be issued in respect of wholly or partially unsuccessful applications under the Hong Kong Public Offer and also in respect of wholly or partially successful applications if the final Offer Price is less than the Offer Price initially paid on application. Part of the Hong Kong identity card number or passport number of an applicant, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in the encashment of, or may invalidate, the refund cheque.

For further details in relation to the Hong Kong Public Offer, see "*How to Apply for Hong Kong Offer Shares*".

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by BBMG Corporation solely in connection with the Hong Kong Public Offer and the Hong Kong Offer Shares and does not constitute an offer to sell, or a solicitation of an offer to subscribe for or buy, any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell, or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus, in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by BBMG Corporation, the Global Coordinator, the Sponsor, any of the Underwriters, any of their respective directors, or any other persons or parties involved in the Global Offering.

Page

CONTENTS

This summary is an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks associated with investing in the Offer Shares are set out in "Risk Factors". You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are one of the largest building materials manufacturers in the PRC and the largest in the Beijing-Bohai Gulf Region. We are also a large-scale property investment and management company and leading property developer in Beijing. We have a portfolio of over 100 subsidiaries grouped into four segments: cement, modern building materials, property investment and management, and property development. We hold the following market positions:

- **Cement**

  In 2008, we were, together with our associate Taihang Cement and its subsidiaries, the largest supplier of cement in the area comprising Beijing, Tianjin and Hebei Province (of which approximately 60% was attributable to us and 40% was attributable to Taihang Cement and its subsidiaries), according to the China Cement Association, with our Group alone supplying approximately 40% of the market share in Beijing by sales volume, according to the Beijing Cement Industry Association. Our cement manufacturing facilities are environmentally friendly, combining modern manufacturing methods with residual heat recovery technologies. With our cement production facilities, we can process up to 100,000 tonnes of waste per year using a high temperature kiln. Our cement production provides a steady supply stream for our commercial concrete operations, which were the largest in Beijing in 2008 by output volume, according to the Beijing Concrete Association. Despite not having a contractual relationship with the Beijing Organising Committee, our market strength and product quality, together with our manufacturing capabilities, enabled us to serve as the largest cement supplier for construction projects related to the 2008 Olympic Games in Beijing, according to the Beijing Building Materials Association.

- **Modern building materials**

  In 2008, we were the largest modern building materials manufacturer in Beijing, according to the Beijing Building Materials Association. We were also certified by the China Building Materials Federation as a leading modern building materials manufacturer in the PRC in 2007. We produce a broad spectrum of modern building materials, including furniture, mineral wool acoustic boards, wall body materials and refractory materials, and we occupy a leading position in many of these markets. Our facilities are modern and environmentally friendly, with manufacturing methods that recycle industrial waste and reduce our environmental footprint. These operations are supported by nationally recognised research, development and design capabilities. In addition to manufacturing, we also act as a distributor in China for various internationally known brands of household fixtures, such as household plumbing and fixtures manufacturers Kohler and TOTO, on a non-exclusive basis.

- **Property investment and management**
  We are a large-scale investor and manager of mid-market to high-end properties in Beijing. We primarily invest in and manage self-developed property. We invest in offices, commercial spaces and parking spaces. As at 31 May 2009, our investment properties had an aggregate GFA of approximately 595,594.0 sq.m. We also manage over one million square metres of high-end investment properties through BBMG Property Management, which holds a Class 1 property management qualification, and other types of property through our other property management subsidiaries.

- **Property development**
  In 2007, we were one of the 10 largest property development companies in Beijing in terms of GFA sold, according to statistics released by the Beijing Statistics Bureau. We have a long history of developing properties (having developed over five million square metres of GFA since 1987), with many of our properties developed or under development located at prime locations throughout Beijing, including areas near the ring roads. We develop a wide variety of properties, including office buildings, commodity housing and affordable housing. We were the largest developer of affordable housing in Beijing in terms of the number of projects, as certified by the Beijing Real Estate Association in 2008. As at 31 May 2009, we had a total of 26 property projects in Beijing; Hangzhou, Zhejiang Province; and Huhhot, Inner Mongolia in various stages of development, including an aggregate GFA of approximately 3,313,341.3 sq.m. of completed property developments, an aggregate planned GFA of approximately 1,349,526.9 sq.m. under development and an aggregate planned GFA of approximately 2,325,794.6 sq.m. held for future development.

We seek to integrate our business segments, which range from the production of building materials to their distribution and application, with a view to maximising the synergies among these segments. Examples of our integration and our internal synergies include our concrete processing plants using internally sourced cement and our property development projects using internally sourced building materials. In addition, our construction design company's policy is to link our modern building materials and property development segments by integrating our energy saving, environmentally friendly modern building materials into its designs. Following completion of our property development projects, we seek to manage certain properties through our subsidiaries in our property investment and management segment.

We have combined this broad product platform under our brand name through the creation of the "BBMG Home" retail stores and design centres. These stores and centres provide product displays in a retail setting designed to highlight our products and offer project design services. Through the BBMG Home initiative, we aim to become a one-stop shop for the property development and refurbishment industry.

Economic development and reforms in the PRC have had the overall effect of increasing investment in the property sector over the last decade. This growth has been especially pronounced in Beijing, Tianjin and Hebei Province. The Beijing Municipal Bureau of Industrial Development and SASAC of the People's Government of Beijing Municipality emphasised the need to develop the modern building materials industry in their five-year plan for the years 2006 to 2010. As the largest building materials manufacturer and supplier in the Beijing-Bohai Gulf Region, we believe we stand to benefit from these government initiatives, which we believe will also contribute to our further growth. For further details of these initiatives, see *"Industry Overview — Segment Analysis — Modern building materials market — Industry overview"*.

Our revenue for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 was RMB6,612.3 million, RMB8,080.5 million, RMB8,550.7 million and RMB2,164.2 million, respectively. For the same periods, our net profit was RMB536.8 million, RMB693.8 million, RMB1,386.0 million and RMB149.7 million, respectively.

ASSET RESTRUCTURING

As a result of our Parent's acquisition of a majority interest in Taihang Huaxin from Handan SASAC, our Parent became the indirect controlling shareholder of Taihang Cement, a company listed on the Shanghai Stock Exchange. As at 30 June 2009, Taihang Cement was 30.0% owned by Taihang Huaxin. CSRC rules provide that a controlling shareholder of a listed company shall not engage in the same business as the listed company and shall avoid competition with the listed company. In 2007, at the request of CSRC, our Parent gave the Parent Undertakings in favour of Taihang Cement and its shareholders to address the issue of competition between the cement businesses of our Parent (including our cement business) and Taihang Cement.

Pursuant to the Parent Undertakings, our Parent is required, among other things, to resolve the issue of competition in the same industry by implementing, when conditions are appropriate, the Asset Restructuring in which all assets and businesses of our Parent that are related to the cement business (including our cement business) will be injected into Taihang Cement. Taihang Cement may or may not become our subsidiary as a result of the Asset Restructuring. For further details of the Asset Restructuring, and the potential operational and financial effects and the risks involved, see "*Asset Restructuring*", "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Asset Restructuring*" and "*Risk Factors — Risk Relating to Our General Operations — Our Parent has given legal undertakings which may be detrimental to us*".

PROPOSED ACQUISITION OF INTERESTS IN TAIHANG HUAXIN

Pursuant to the Taihang Huaxin Entrustment Agreement, our Parent entrusted to us all the rights and benefits (except for certain reserved matters) in the Entrusted Equity Interests, including the voting rights, the rights to nominate directors and the right to receive dividends. In addition, we have an option to acquire the Entrusted Equity Interests at any time during the entrustment period. For details relating to the Taihang Huaxin Entrustment Agreement, see "*Relationship with Controlling Shareholder — Entrustment Agreement in respect of Taihang Cement*".

We intend to acquire the Entrusted Equity Interests within the first 12 months following 21 December 2009, the expiry date of the lock-up period imposed on our Parent pursuant to the share transfer agreement entered into by our Parent and Handan SASAC regarding the transfer of equity interests in Taihang Huaxin. For further details of the proposed acquisition and the potential operational and financial effects, see "*Acquisition of Interests in Taihang Huaxin*".

COMPETITIVE STRENGTHS

Our corporate competitive strengths

- We benefit from integration within and among our four business segments.
- We are a leading cement and modern building materials company in Beijing, Tianjin and Hebei Province.
- We have strong research and development capabilities.
- Our brand names are well recognised and have a good market reputation.
- We have an experienced, professional and dedicated management team.

Our cement segment's competitive strengths

- We are a leading cement company in Beijing with large-scale operations.
- As a large-scale cement producer recognised by the PRC Government, we are well positioned to benefit from future industry consolidation.
- Our cement products are known for their high quality and reputable brand name.
- We use efficient and environmentally friendly production methods.
- We benefit from the integration of our cement manufacturing operations with our downstream commercial concrete production and property development operations.

Our modern building materials segment's competitive strengths

- We employ energy and resource efficient production methods to produce environmentally friendly products, thus making us the preferred provider for some consumers.
- We enjoy strong brand recognition and a good market reputation.
- We have strong research, development and design capabilities.
- We possess modern and international-standard manufacturing facilities.

Our property investment and management segment's competitive strengths

- Our investment properties are situated at strategic locations in Beijing.
- The scale of our property investment and management operation provides us with cost and management efficiencies.
- With our experience in managing properties, our strong track record and our brand name recognition as well as our quality certifications, we are able to capture the growth in demand for management services for grade A office buildings.

- We benefit from synergies with our property development segment.

Our property development segment's competitive strengths

- We are a large-scale property development company and a leader in the Beijing property development market.
- Our property development operations benefit from the increasing population in Beijing.
- We maintain a diversified portfolio of developments.
- We benefit from the synergy among our four different business segments.

BUSINESS STRATEGIES

Our corporate business strategies

- Focus on our core competencies and continue to expand in our key business segments.
- Concentrate on bringing modern, environmentally friendly and energy saving products and production methods to the market.
- Further integrate our operations along our product chain.
- Further integrate our internal resources.

Our cement segment's strategies

- Further expand our market share to attain leadership in the Beijing-Bohai Gulf Region through acquisitions and the establishment of new plants.
- Replicate, in our other plants, the success of our Xinbeishui and BBMG Mangrove Environmental plants with respect to environmental protection and the promotion of a Circular Economy.
- Continue to expand the scale of our commercial concrete operations.
- Continue to supplement our mining reserves.

Our modern building materials segment's strategies

- Continue to focus on, and expand the capacity for, the production and sale of high-margin modern building materials.
- Co-locate our production facilities to further optimise our internal structure and shorten part of our supply chain, thereby enhancing efficiency.
- Further integrate our modern building materials offerings into our other segments in order to achieve greater synergy.

- Become a one-stop shop for the property development and refurbishment industry with the BBMG Home (金隅家居) retail chain.

Our property investment and management segment's strategies

- Secure our position as a leading property manager in Beijing and expand into other regions.

- Further integrate and improve our property management operations and apply them to high-end office properties not owned by us.

Our property development segment's strategies

- Strengthen our current market position in Beijing, while prudently expanding our reach into other cities in the PRC.

- Continue to pursue a balanced portfolio of properties.

RISK FACTORS

There are risks involved in our operations. A detailed discussion of the risk factors we believe are particularly relevant to our Group is set out under "*Risk Factors*". We have categorised these risks as: (a) risks relating to our general operations; (b) risks relating to our cement business; (c) risks relating to our modern building materials business; (d) risks relating to our property investment and management business; (e) risks relating to our property development business; (f) risks relating to conducting operations in the PRC; and (g) risks relating to the Global Offering. The following is a list of the risk factors discussed in that section:

Risks relating to our general operations

- Our Parent has given legal undertakings which may be detrimental to us.

  — The Parent Undertakings require our Parent to transfer to Taihang Cement all of our cement-related assets and businesses.

  — The consideration we receive in exchange for our cement-related assets and businesses may be lower than expected.

  — Failure of the Asset Restructuring proposal could be considered a breach of the Parent Undertakings and could give rise to litigation or result in action by the PRC authorities or the Shanghai Stock Exchange.

  — Our right to compete with Taihang Cement is limited.

  — If the Asset Restructuring is not implemented in accordance with the Asset Restructuring Announcement, an alternative restructuring plan may be required to address, among other things, the competition issue with Taihang Cement.

  — Taihang Cement may not become our subsidiary following the Asset Restructuring.

- Our performance depends on market conditions and trends in the PRC property industry, and in the overall PRC economy, any or all of which may change adversely.

- Our operations could be affected by the economic crisis and the slowdown in world markets.

- Our operations depend heavily on the performance of the market in Beijing and the Beijing-Bohai Gulf Region, and part of our revenue during the Track Record Period was generated from the 2008 Olympic Games, a one-time event.

- The restrictive measures adopted from time to time by the PRC Government to curtail the overheating of, and foreign investment in, the PRC property market could slow the construction industry's rate of growth or cause the property market to decline.

- We recorded a net operating cash outflow during 2007 and the first quarter of 2009.

- We had net current liabilities during the Track Record Period, and we relied on advances and short-term bank loans, among other cash resources, for our working capital needs.

- Our corporate structure, which consists of a large number of companies in multiple business lines, exposes us to challenges not found in groups with fewer companies and a single business line.

- Our borrowing levels and significant interest payment obligations could limit the funds available to us for various business purposes.

- We may be unable to obtain financing on favourable terms, or at all, to fund our continuing operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements.

- Our business may be affected by fluctuations in interest rates and the general availability of credit.

- We may not realise anticipated benefits in any acquisitions, strategic investments or divestments that we undertake.

- The PRC Anti-Monopoly Law may restrict our business dealings, force us to divest our shares in certain assets or subject us to liability.

- Our current business goals and plans for growth are ambitious and may not be achieved.

- We may not be successful in identifying and acquiring suitable acquisition targets or making strategic investments, which could adversely affect our plans for growth.

- Our results of operations during the Track Record Period may not be indicative of our future performance due to the significant changes we have made to our group structure.

- Our cement and building materials businesses are dependent on the level of activity in the construction industry.

- Demand for certain of our products may be seasonal as a result of changes in the level of construction activities affected by climatic condition.

- We may not be able to maintain our historical growth rates or profit margins, and our operating results may fluctuate significantly. If our results fall below market expectations, the trading price of our H Shares may decline significantly.

- We will continue to be controlled by our Controlling Shareholder, whose interests may differ from those of our other Shareholders.

- Rising raw material prices have affected and may continue to affect our financial performance.

- Intense competition may materially and adversely affect our business and financial position.

- We may be involved in legal and other proceedings arising out of our operations and may face significant liabilities as a result.

- Our products or services may fail to perform as expected or contain defects, and these failures or defects, and any negative publicity resulting from them, could result in reduced sales and could subject us to claims from purchasers or users of our products.

- We do not own the "金隅" name, the "BBMG" name and the trademarks related to these names, and the non-exclusive licence arrangement with our Parent for these trademarks may be revoked or invalidated or may not be renewed and the value of the licence may decline.

- We rely on our trade names, licence marks and trademarks, and any infringement or inappropriate use of them may be detrimental to our reputation and profitability.

- Our proprietary and licensed technology may not be adequately protected, and our right to use certain technologies could be challenged.

- Our tax benefits, including preferential corporate income tax rates and Government grants for high-tech manufacturing methods and environmentally friendly products, may be reduced or eliminated, which may adversely affect our financial condition and results of operations.

- Dividends paid in the past may not be indicative of the amounts of future dividend payments or our future dividend policy.

- Potential liability for non-compliance with environmental laws and regulations could result in substantial costs.

- Our manufacturing operations may be disrupted for reasons beyond our control, which could adversely affect our business, financial condition or results of operations.

- We do not have insurance to cover all potential losses and claims.

- Our internal control systems and procedures may have deficiencies and weaknesses such that we may not be able to maintain effective internal control.

- Any restriction on the ability of our subsidiaries to pay dividends to us would adversely affect our earnings and cash flows.

- We do not have proper title to some of the properties we use and occupy for our operations, and our rights to some of the properties may be restricted.

- Acts of God, acts of war, epidemics, including the recent outbreak of swine influenza, and other disasters could affect our business.

Risks relating to our cement business

- Changes in Government policies could have an adverse effect on our cement business.

- We may be liable for mining activities undertaken before we obtained the relevant mining rights certificates.

- Our cement-related mining activities are extensively regulated by the PRC Government and changes in policy or regulations may cause us to incur significant compliance costs.

- We may be liable for potential environmental liabilities of Dingxin Cement.

- Our operations rely on a continuous power supply and the ready availability of utilities, and any shortages, interruptions or increases in the cost of energy or fuel could disrupt our operations and increase our costs.

- Xinbeishui operated a power plant without a valid licence from the time of its acquisition at the end of 2006 until 31 December 2008 and may consequently be subject to a fine.

Risks relating to our modern building materials business

- We are dependent on our ability to develop new products that are acceptable to the market.

Risks relating to our property investment and management business

- Our profitability may fluctuate substantially due to fair value gains or losses on our investment properties, because a significant part of our net profit during the Track Record Period was, and is expected to continue to be, attributable to fair value gains on our investment properties, and the fair value of our investment properties is likely to fluctuate significantly from time to time in the future.

- An oversupply of available office space in the Beijing market could adversely affect our income from our investments.

- The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to adverse changes in the performance of our properties.

- The land occupied by BBMG Landao Building and BBMG Fengshan Resort may be reclaimed by the Government, as our current use of the land is inconsistent with the authorised use.

- Given that property valuation is inherently uncertain, the appraised value of our properties may be different from the actual realisable value.

Risks relating to our property development business

- We face intense competition from other real estate developers.
- The real estate industry in the PRC is still at an early stage, and the property market and related infrastructure and mechanisms have not been fully developed.
- We may not always be able to obtain land reserves that are suitable for development.
- We may not have adequate financing to fund our property developments and may require additional financing in the form of debt or equity.
- Restrictions on profits from certain types of property developments could impact our overall returns.
- We may fail to obtain, or may experience material delays in obtaining, necessary government approvals for our property development projects.
- We face contractual and legal risks relating to the pre-sale of properties, including the risk that property developments are not completed, or not completed on time, and risks arising from changes in laws and regulations in relation to the pre-sale of properties.
- We may not be able to obtain land use rights certificates or building ownership certificates with respect to certain land or unsold units in which we currently have interests in our property development operations.
- We may not be successful in expanding into geographic areas that we do not currently serve.
- The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations.
- We guarantee the mortgage loans of our pre-sale customers until the relevant property ownership certificates are delivered to the mortgagee banks, and we may become liable to the mortgagee banks if our customers default on their mortgage payments during this period.
- We may not be able to complete our development projects on time or at all.
- Our failure to meet all requirements for the issuance of property ownership certificates may lead to compensatory liability to our customers.
- We are subject to legal and business risks if we fail to maintain qualification certificates.
- The PRC Government may reclaim our land and impose other penalties if we fail to comply with the terms of the relevant land grant contracts.
- We are reliant on third-party contractors for completion of our projects.

- Failure to reach agreement over relocation arrangements with owners and residents of the buildings to be demolished for our primary land development projects may delay our schedule and subject us to claims by the owners and residents.

Risks relating to conducting operations in the PRC

- The political and economic situation in the PRC may have an adverse effect on our business.

- Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect the value in other currencies of our net assets, earnings and declared dividends or results of operations and financial results.

- The PRC legal system has inherent uncertainties that could affect us.

- The treatment of our companies for PRC corporate income tax purposes is unclear.

- The implementation of the new employment contract law and the expected increase in labour costs in the PRC may adversely affect our business and profitability.

- It may be difficult to effect service of process upon us or our Directors or senior officers who reside in mainland China.

Risks relating to the Global Offering

- Future sales of substantial amounts of H Shares or other securities in the public market (or transactions perceived as sales), including any sale of our H Shares by the NSSF or any conversion of our Domestic Shares into H Shares, could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future and may result in the dilution of your shareholdings.

- Holders of H Shares may not be able to enforce their rights as successfully as shareholders in the PRC or enforce the judgements obtained from non-PRC courts.

- Holders of H Shares may be subject to PRC taxation.

- There has been no prior public market for our H Shares; the liquidity and market price of our H Shares may be volatile, and the Offer Price may not be indicative of prices that will prevail in the trading market.

- Our estimated profit attributable to owners of the Company for the six months ended 30 June 2009 involves gains that may arise on revaluation of our investment properties, and our profit estimate involves estimates and assumptions in this regard as well as other assumptions and estimates which may prove to be incorrect.

- As the Offer Price is higher than the net tangible book value per Offer Share, the book value of any Offer Shares you buy will be diluted immediately.

- We cannot guarantee the accuracy of certain facts and statistics with respect to the PRC, the PRC economy and relevant industries contained in this prospectus.

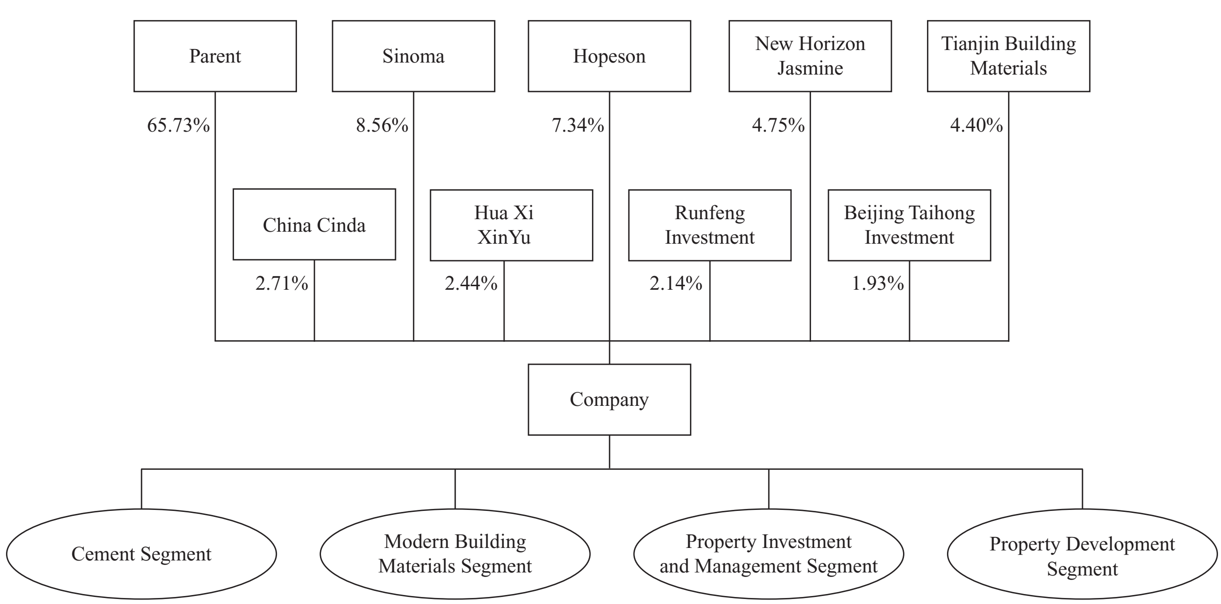
- The current market conditions may not be reflected in the statistical information provided in this prospectus.

- You should read the entire prospectus and should not rely on any information contained in press coverage or other media in relation to the Global Offering, our business operations or our Group in connection with a decision to invest in the Shares.

REORGANISATION

Prior to the incorporation of our Company, the principal activities of our Group were carried out by various entities wholly owned or controlled by the Parent Group. Pursuant to the Reorganisation, effective 22 December 2005, our Parent transferred to us the equity interests in certain entities wholly owned or controlled by it or its subsidiaries that were principally engaged in the manufacture and sale of cement and modern building materials, the provision of property investment and management services and property development, as well as certain relevant assets associated with these businesses. In return, we allotted and issued 1,095,120,000 Shares of RMB1.00 each to our Parent.

As part of the Reorganisation, our Company was established on 22 December 2005 in the PRC as a joint stock company with limited liability. As a result of the Reorganisation, we became the holding company of the companies now comprising our Group. We and all of our subsidiaries, jointly-controlled entities and associates have adopted 31 December as our financial year-end date. The statutory accounts of these companies have been prepared in accordance with the relevant accounting principles and financial regulations in the PRC applicable to such companies. The chart below illustrates the structure of our Group immediately before the Global Offering. For further details, see "*History, Reorganisation and Group Structure*".



SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The selected consolidated income statements for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2008 and 2009, and the selected consolidated statements of financial position as at 31 December 2006, 2007 and 2008 and 31 March 2009, set out below are derived from the Accountants' Report set out in Appendix I to this prospectus.

Consolidated income statements

	Year ended 31 December			Three months ended 31 March	
	2006	2007	2008	2008	2009
				(unaudited)	
	(RMB in thousands, except earnings per share amounts)				
REVENUE	6,612,345	8,080,460	8,550,656	2,149,765	2,164,186
Cost of sales	(5,373,414)	(6,481,901)	(6,438,645)	(1,643,325)	(1,612,681)
Gross profit	1,238,931	1,598,559	2,112,011	506,440	551,505
Other revenue, income and gains	388,191	393,109	572,596	89,739	81,544
Fair value gains/(losses) on investment properties, net	429,474	389,836	910,866	53,984	(26,356)
Selling and marketing expenses	(272,547)	(345,869)	(447,495)	(85,570)	(95,897)
Administrative expenses	(691,710)	(853,288)	(890,276)	(212,362)	(224,583)
Other operating expenses, net	(79,967)	(54,384)	(87,581)	(18,762)	(5,702)
Finance costs	(121,005)	(261,851)	(228,352)	(74,430)	(50,272)
Share of profits and losses of:					
Jointly-controlled entities	(20)	(5,580)	(16,831)	(1,377)	(3,265)
Associates	241	(1,239)	(17,562)	(5,111)	(8,636)
PROFIT BEFORE TAX	891,588	859,293	1,907,376	252,551	218,338
Tax	(354,818)	(165,533)	(521,365)	(85,489)	(68,595)
PROFIT FOR THE YEAR/PERIOD	536,770	693,760	1,386,011	167,062	149,743
Attributable to:					
Owners of the Company	494,192	643,588	1,320,816	157,076	141,775
Minority interests	42,578	50,172	65,195	9,986	7,968
	536,770	693,760	1,386,011	167,062	149,743
DIVIDEND	54,330	112,689	112,000	—	—
Earnings per share attributable to owners of the Company					
Basic	RMB0.30	RMB0.36	RMB0.59	RMB0.09	RMB0.05
Diluted	N/A	N/A	N/A	N/A	N/A

Consolidated statements of financial position

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Total assets	17,210,409	21,596,717	25,392,641	25,895,742
Cash and cash equivalents	1,497,611	1,666,587	1,881,897	1,733,185
Total liabilities	13,164,991	17,414,516	17,218,412	17,572,255
Current liabilities	10,561,177	14,965,592	13,285,919	12,889,289
Non-current liabilities	2,603,814	2,448,924	3,932,493	4,682,966
Total equity	4,045,418	4,182,201	8,174,229	8,323,487
Equity attributable to owners of the Company	3,756,185	3,571,523	7,334,226	7,476,001
Minority interests	289,233	610,678	840,003	847,486

Revenue by segment

	Year ended 31 December						Three months ended 31 March			
	2006		2007		2008		2008		2009	
Segment	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
							(unaudited)			
	(RMB in millions, except for percentages)									
Cement	2,002	30.2	2,745	34.0	3,315	38.8	640	29.8	834	38.5
Modern building materials	1,922	29.1	2,564	31.7	2,702	31.6	626	29.1	558	25.8
Fixtures and decorative products	*764*	*11.6*	*929*	*11.5*	*990*	*11.6*	*229*	*10.6*	*190*	*8.8*
Energy saving wall body and insulation materials	*251*	*3.8*	*308*	*3.8*	*253*	*2.9*	*64*	*3.0*	*54*	*2.5*
Refractory materials	*171*	*2.6*	*250*	*3.1*	*460*	*5.4*	*107*	*5.0*	*123*	*5.7*
Trading, logistics and others	*736*	*11.1*	*1,077*	*13.3*	*999*	*11.7*	*226*	*10.5*	*191*	*8.8*
Property investment and management	553	8.4	671	8.3	630	7.4	159	7.4	163	7.5
Property development	2,155	32.6	2,415	29.9	1,968	23.0	729	33.9	614	28.4
Inter-segment elimination	(20)	(0.3)	(315)	(3.9)	(64)	(0.8)	(4)	(0.2)	(5)	(0.2)
Total	**6,612**	**100**	**8,080**	**100**	**8,551**	**100**	**2,150**	**100**	**2,164**	**100**

Gross profit and margin by segment

Segment	Year ended 31 December						Three months ended 31 March			
	2006		2007		2008		2008		2009	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
		(%)		(%)		(%)		(%)		(%)
							(unaudited)			
	(RMB in millions, except for percentages)									
Cement	198	9.9	383	14.0	526	15.9	94	14.7	158	18.9
Modern building materials	311	16.2	460	17.9	509	18.8	125	20.0	122	21.9
Fixtures and decorative products	*133*	*17.4*	*154*	*16.6*	*185*	*18.7*	*46*	*20.1*	*34*	*17.9*
Energy saving wall body and insulation materials	*62*	*24.7*	*82*	*26.6*	*63*	*24.9*	*20*	*31.3*	*11*	*20.4*
Refractory materials	*51*	*29.8*	*85*	*34.0*	*123*	*26.7*	*33*	*30.8*	*48*	*39.0*
Trading, logistics and others	*65*	*8.8*	*139*	*12.9*	*138*	*13.8*	*26*	*11.5*	*29*	*15.2*
Property investment and management	307	55.5	376	56.0	416	66.0	106	66.7	107	65.6
Property development	433	20.1	477	19.8	664	33.7	181	24.8	165	26.9
Inter-segment elimination	(10)	—	(97)	—	(3)	—	—	—	—	—
Total	**1,239**	**18.7**	**1,599**	**19.8**	**2,112**	**24.7**	**506**	**23.5**	**552**	**25.5**

Net current liabilities

We had net current liabilities of RMB2,437.3 million, RMB4,094.6 million, RMB2,260.1 million and RMB1,588.5 million as at 31 December 2006, 2007 and 2008, and 31 March 2009, respectively. Our net current liability during the Track Record Period principally reflected other payables and accruals, including amounts due to our Parent and its subsidiaries, and interest-bearing bank loans, comprising mainly short-term loans from commercial banks. For the composition and details of our other payables and accruals, as well as our short-term borrowings during the Track Record Period, see "*Financial Information — Working Capital — Net current liabilities*".

Our net current liabilities position exposes us to liquidity risk. For further details, see "*Risk Factors — Risk Relating to Our General* Operations — *We had net current liabilities during the Track Record Period, and we relied on advances and short-term bank loans, among other cash resources, for our working capital needs*". Our future liquidity and the repayment of our outstanding debt obligations when they become due will primarily depend on our ability to maintain adequate cash inflows from operating activities and our ability to obtain adequate external financing.

PROFIT ESTIMATE FOR THE SIX MONTHS ENDED 30 JUNE 2009

We estimate that, on the bases and assumptions set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, the profit attributable to owners of the Company for the six months ended 30 June 2009 was as follows:

Unaudited estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009[1][3]	not less than RMB669.5 million (approximately HK$759.4 million)
Unaudited pro forma estimated earnings per share for the six months ended 30 June 2009 on a fully diluted basis, without taking into account the Over-allotment Option[2][3]	not less than RMB0.18 (approximately HK$0.20)

Notes:

(1) The bases on which the above profit estimate for the six months ended 30 June 2009 has been prepared are summarised in Appendix III to this prospectus.

The unaudited estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 prepared by the Directors is based on the Group's audited consolidated results for the three months ended 31 March 2009 and an estimate of the Group's consolidated results for the remaining three months ended 30 June 2009. The estimate has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as summarised in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

The unaudited estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 includes the estimated fair value gains on investment properties. The projected market values of the investment properties of the Group as at 30 June 2009 are estimated by the Directors based on market research provided by Savills, an independent property valuer, by the investment approach and direct comparison approach, which is consistent with the basis of valuation which has been adopted by Savills in valuing the properties of the Group intended for lease purposes in "*Appendix IV — Property Valuation*". For further details, see "*Appendix III — Profit Estimate*".

(2) The unaudited pro forma estimated earnings per share on a fully diluted basis is calculated by dividing the estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 by 3,733,333,000 shares assumed to be issued and outstanding during the entire six-month period ended 30 June 2009, adjusted as if the Global Offering had occurred on 1 January 2009 but without taking into account any shares which may be issued upon exercise of the Over-allotment Option.

(3) The unaudited estimated consolidated profit attributable to owners of the Company and the unaudited pro forma estimated earnings per share on a fully diluted basis are converted into Hong Kong dollars at an exchange rate of RMB0.88164 to HK$1.00, the PBOC Rate prevailing on 6 July 2009.

We have undertaken to the Stock Exchange that our interim report for the six months ended 30 June 2009 will be audited pursuant to Rule 11.18 of the Listing Rules.

OFFER STATISTICS[1]

	Based on an Offer Price of HK$5.18	Based on an Offer Price of HK$6.38
Market capitalisation of our Company upon completion of the Global Offering[2]	HK$19,339 million	HK$23,819 million
Historical pro forma price/earnings multiple[3]	12.91 times	15.90 times
Unaudited pro forma adjusted consolidated net tangible asset value per Share[4]	HK$3.44 (RMB3.03)	HK$3.73 (RMB3.29)

Notes:

(1) All statistics in this table assume that the Over-allotment Option is not exercised.

(2) Calculated on the assumption that there will be 3,733,333,000 shares in issue immediately following the Global Offering and on the basis of the above indicative Offer Prices.

(3) The calculation of the historical pro forma price/earnings multiple is based on the basic earnings per share for the year ended 31 December 2008, assuming that the Company had been listed since 1 January 2008 and a total of 3,733,333,000 shares were issued and outstanding during the entire year.

(4) Calculated after making the adjustments referred to in "*Appendix II — Unaudited Pro Forma Financial Information*" and on the assumption that there will be 3,733,333,000 shares in issue immediately following the Global Offering and on the basis of the above indicative Offer Prices. The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB0.88164 to HK$1.00, the PBOC Rate prevailing on 6 July 2009.

DIVIDEND POLICY

The Board decides whether to pay any dividend, and in what amount, based on our results of operations, cash flows, financial condition, capital requirements, future prospects, statutory and regulatory restrictions on payment of dividends by our Company and other factors that the Board deems relevant. Any dividend for a financial year declared by the Board shall be subject to Shareholders' approval. During the Track Record Period, we declared RMB54.3 million in dividends during the year ended 31 December 2006, of which RMB48.1 million was paid out to our Shareholders in the year ended 31 December 2008. We have declared dividends of RMB112.7 million and RMB112.0 million for the years ended 31 December 2007 and 2008, respectively, as approved by our Shareholders in July 2008 and April 2009. All dividends payable will be fully settled prior to Listing. No assurance can be given that dividends of similar amounts or at similar rates to those paid during the Track Record Period can be paid after Listing. If the Board decides to pay dividends, holders of H Shares will be entitled to receive dividends in proportion to their shareholdings.

Under the PRC Company Law and our Articles of Association, all of the Shareholders have equal rights to dividends and distributions.

Our Company may only distribute dividends after we have made allowance for:

- recovery of accumulated losses, if any;
- appropriations to the statutory surplus reserve equivalent to 10% of our profit attributable to equity holders of the Company available for appropriation, as determined under PRC GAAP. No further appropriations to the statutory surplus reserve are required once this reserve reaches an amount equal to 50% of our registered capital; and

- appropriations to a discretionary surplus reserve fund, if any, that are approved by the Shareholders in a Shareholders' meeting.

Under PRC law, dividends may be paid only out of distributable profits, which are a company's retained earnings, as determined in accordance with PRC GAAP or HKFRS, whichever is lower, less any accumulated loss and appropriations to the statutory and discretionary reserve funds. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. However, our Company will not ordinarily pay any dividends in a year in which our Company does not have any distributable earnings in respect of that year. Under our Articles of Association, our Company may distribute dividends by way of cash or stock. For holders of H Shares, cash dividend payments will be declared by the Board in Renminbi and paid in Hong Kong dollars.

Under current PRC tax laws and regulations, dividends paid by our Company to a Non-PRC Resident Enterprise Shareholder are subject to a 10% withholding tax while the dividends paid to an individual holder of H Shares outside the PRC are currently exempted from PRC income tax.

USE OF PROCEEDS

We estimate that the net proceeds to our Company from the Global Offering, after deducting the underwriting commissions and estimated expenses in relation to the Global Offering payable by us, will be approximately HK$5,033 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK$5.78 per H Share, being the mid-point of the Offer Price range of HK$5.18 to HK$6.38 per H Share. We intend to use the net proceeds for the following purposes:

- approximately 75%, or approximately HK$3,775 million, will be used to finance the expansion of our business lines, either through expansions of current facilities, construction of new facilities or acquisitions, including, among other things:

  Cement segment

  — approximately 34%, or approximately HK$1,711 million, to acquire small-scale cement plants in Beijing;(1)

  — approximately 3%, or approximately HK$151 million, to construct residual heat power generators at Dingxin Cement and Liulihe Cement and to develop other similar projects, thereby lowering our production cost (construction of the generators at Dingxin Cement and Liulihe Cement started in early 2009, and we expect them to be completed by the end of 2009);

Note:

(1) The acquisition of small-scale cement plants in Beijing by us is to be carried out pursuant to the approval granted to us by the competent PRC authority in Beijing and such condition is part of the environmental improvement project in Beijing promoted by the Beijing municipal government. Notwithstanding the Parent Undertakings, we intend to use approximately 34% of the net proceeds to acquire cement plants in Beijing because: (i) Taihang Cement has specifically consented to our proposed acquisition of the cement plants in Beijing pursuant to the Taihang Cement Board Resolutions; and (ii) as advised by our PRC legal adviser, our Parent will not be deemed to have breached the Parent Undertakings by acquiring cement plants in Beijing given such consent from Taihang Cement. For further details about the Taihang Cement Board Resolutions and the Parent Undertakings, see "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders*".

Modern building materials segment

— approximately 7%, or approximately HK$352 million, to build modern building materials production lines including the mineral wool acoustic board production line with an annual capacity of 25 million sq.m. in Dachang Industrial Park (construction of this line started in 2007, and we expect it to be completed in 2009); and

Property development segment

— approximately 31%, or approximately HK$1,560 million, to develop economically affordable housing projects such as Jinyu Lijingyuan located in Changying, Chaoyang District, Beijing (construction of this project began in 2008, and we expect it to be completed in 2010).

- up to 15%, or approximately HK$755 million, to repay three loans from the Bank of Communications totaling RMB500 million, which will all expire in August 2009, and one RMB100 million loan from Hua Xia Bank, which will expire in September 2009.

- up to 10%, or approximately HK$503 million, as working capital and for other general corporate purposes.

To the extent the net proceeds are less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis. To the extent the net proceeds are more than expected, we will apply such additional proceeds mainly towards our cement business and property development business.

If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK$782 million, assuming an Offer Price of HK$5.78 per H Share, being the mid-point of the Offer Price range stated in this prospectus. The additional net proceeds received from the exercise of the Over-allotment Option will be applied *pro rata* for the above mentioned purposes.

Although we identify certain potential strategic investments and acquisition targets for preliminary evaluation and assessment from time to time, as at the Latest Practicable Date, we had not identified any definitive investment or acquisition targets and had not entered into any definitive agreements with respect to any acquisitions or strategic investments. We may or may not proceed with any or all of the investment and acquisition projects noted above.

To the extent that the net proceeds are not immediately applied for the above purposes and to the extent permitted by relevant laws and regulations, we intend to deposit the net proceeds into short-term deposits with licensed banks or financial institutions in Hong Kong or the PRC. Our PRC legal adviser is of the opinion that there are no legal impediments for us to remit the funds to the PRC, provided that we complete foreign exchange registration for the Listing within 30 days after receiving an approval from the CSRC for the Listing and transfer the proceeds into China within six months of the Listing. We will comply with PRC law in relation to foreign exchange registration and remitting the proceeds.

In this prospectus, unless the context otherwise requires, the following terms have the following meanings.

"Application Form(s)"	white, yellow and green application form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of our Company, adopted on 6 August 2008 (as amended, supplemented or otherwise modified from time to time)
"Asset Restructuring"	the potential transfer of all cement related assets and businesses owned by our Parent and us to Taihang Cement pursuant to the Parent Undertakings, details of which are set out in "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders*" and "*Asset Restructuring*"
"Asset Restructuring Announcement"	the public announcement issued by Taihang Cement on 19 February 2009 regarding the proposed plan for the Asset Restructuring, details of which are set out in "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Asset Restructuring*"
"Audit Committee"	the audit committee of our Board
"Beijing Organising Committee"	the Beijing organising committee for the Games of the XXIX Olympiad
"Beijing SASAC"	the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
"Beijing-Bohai Gulf Region"	the geographic market area comprised of Beijing, Tianjin, Hebei Province, Shandong Province and Liaoning Province
"Board"	our board of Directors
"Bonds"	an aggregate of RMB1.9 billion in principal of corporate bonds due 2016 issued by the Company in the PRC on 27 April 2009
"business day"	a day (other than a Saturday or a Sunday or a public holiday) on which banks in Hong Kong are open for normal banking business

"CAGR"	compound annual growth rate, the year-on-year growth rate over a specific period of time, calculated utilising the formula $$\left(\frac{\text{ending value}}{\text{beginning value}}\right)^{1/n} - 1$$ (where "n" is the number of years in the period being considered, "beginning value" is the amount at the beginning of the period and "ending value" is the amount at the end of the period)
"CBRC"	China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, CCASS Custodian Participant or CCASS Investor Participant
"China" or "PRC"	the People's Republic of China; for the purpose of this prospectus and except where the context requires, references in this prospectus to the PRC or China do not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
"Companies Ordinance"	the *Companies Ordinance* (Chapter 32 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
"Company" or "BBMG Corporation"	BBMG Corporation (北京金隅股份有限公司), a joint stock company organised under the laws of the PRC with limited liability on 22 December 2005 and, except where the context otherwise requires, includes all of its subsidiaries and the predecessors of its subsidiaries. The expressions "we," "us" and "our Company" may be used to refer to our Company or our Group, as the context may require

"Controlling Shareholder"	our Parent
"Corporate Debenture"	a corporate debenture in the principal amount of RMB800.0 million due 2017 issued by our Parent on 24 May 2007
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Dachang Industrial Park"	an industrial park located at Dachang Hui Autonomous County, Langfang City, Hebei Province (approximately 50 km east of Beijing), set up in 1998 and upgraded to a province level development zone in Hebei in 2006
"Director(s)"	the director(s) of our Company
"Domestic Shares"	ordinary shares in our capital, with a nominal value of RMB1.0 each, which are subscribed for or credited as fully paid in Renminbi by PRC nationals and/or PRC incorporated entities
"Entrusted Equity Interest"	the 61.67% equity interest in Taihang Huaxin entrusted to us by our Parent pursuant to the Taihang Huaxin Entrustment Agreement dated 26 July 2008 between our Parent and our Company (for further details, see "*Relationship with Controlling Shareholder — Entrustment Arrangement in respect of Taihang Huaxin*")
"Foreign Shares"	ordinary shares in our capital, with a nominal value of RMB1.0 each, which are subscribed for or credited as fully paid in foreign currency by non-PRC nationals and/or non-PRC incorporated entities
"Global Offering"	the Hong Kong Public Offer and the International Placing
"Green Application Form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider designated by the Company
"Group"	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries or (as the case may be) their predecessors
"H Shares"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited

"Handan SASAC"	the State-owned Assets Supervision and Administration Commission of People's Government of Handan Municipality (邯鄲市人民政府國有資產監督管理委員會)
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 93,334,000 H Shares (subject to adjustment as described in "*Structure of the Global Offering*") being offered by us for subscription under the Hong Kong Public Offer
"Hong Kong Public Offer"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%), on the terms and subject to the conditions described in this prospectus and the Application Forms
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offer listed in *"Underwriting — Hong Kong Underwriters"*
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 16 July 2009 relating to the Hong Kong Public Offer entered into by our Company, the Joint Bookrunners, the Hong Kong Underwriters and our Parent
"independent third party/parties"	a person or persons or a company or companies that is or are independent of, and not connected with, any directors, supervisors, promoters, chief executive or substantial shareholders (within the meaning under the Listing Rules) of our Company or any of its subsidiaries or any of their respective associate(s)
"International Placing"	the conditional placing by the International Underwriters of the International Placing Shares to institutional, professional and other investors, as further described in "*Structure of the Global Offering*"
"International Placing Agreement"	the underwriting agreement relating to the International Placing which is expected to be entered into, among others,

	the Joint Bookrunners, the International Underwriters and us on or around 23 July 2009
"International Placing Shares"	the 839,999,000 H Shares (subject to adjustment and the Over-allotment Option) being offered by us for subscription under the International Placing
"International Underwriters"	the underwriters of the International Placing
"J.P. Morgan"	J.P. Morgan Securities Ltd.
"Joint Bookrunners"	UBS, Macquarie and J.P. Morgan
"Joint Lead Managers"	UBS, Macquarie, J.P. Morgan and BOCOM International Securities Limited
"Latest Practicable Date"	6 July 2009, being the latest practicable date before the printing of this prospectus for ascertaining certain information in this prospectus
"Listing"	the listing of our H Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Wednesday, 29 July 2009, on which our Offer Shares are listed on the Main Board
"Listing Rules"	the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (as amended, supplemented or otherwise modified from time to time)
"Macquarie"	Macquarie Capital Securities Limited
"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the options market), which continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market of the Stock Exchange
"Mandatory Provisions"	the *Mandatory Provisions for Articles of Association of Companies to be Listed Overseas* (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Committee and other PRC Government departments on 27 August 1994 (as amended, supplemented or otherwise modified from time to time)

"Ministry of Environmental Protection"	the Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部)
"Ministry of Finance"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MLR"	the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"National People's Congress"	the supreme legislative body of the PRC, including the National People's Congress (全國人民代表大會) and all the local people's congresses (including provincial, municipal and other regional or local people's congresses) as the context may require, or any of them
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"New EIT Law"	the *Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法), as promulgated by the People's National Congress on 16 March 2007 and effective 1 January 2008
"Non-Competition Agreement"	an agreement entered into on 8 July 2009 between our Parent and us, under which our Parent agreed not to, and to procure its subsidiaries (other than us) and associates not to, compete with our core businesses. This agreement also grants us options and pre-emptive rights to acquire our Parent's interest in certain businesses retained after the Reorganisation and certain new businesses
"Non-PRC Resident Enterprise"	as defined under the New EIT Law, means companies established pursuant to a non-PRC law with their *de facto* management conducted outside the PRC, but which have established organisations or premises in the PRC, or which have generated income within the PRC without having established organisations or premises in the PRC
"NSSF"	the National Council for Social Security Fund of the PRC (中華人民共和國全國社會保障基金理事會)
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) for which the Offer Shares are to be subscribed under the Hong Kong Public Offer, and at which the International Placing Shares are to be offered under the International

	Placing, to be determined in the manner further described in *"Structure of the Global Offering — Pricing and Allocation"*
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares together and, where relevant, the additional Shares issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option granted by us to the International Underwriters exercisable by the Joint Bookrunners on behalf of the International Underwriters under the International Placing Agreement, under which we may be required to issue up to 139,999,500 additional H Shares, representing 15% of the initial size of the Global Offering, at the Offer Price, solely to cover over-allocations in the International Placing, as further described in "*Structure of the Global Offering*"
"Parent 2009 Undertaking"	the undertaking given by our Parent to us on 23 June 2009 in relation to the Asset Restructuring, the details of which are set out in *"Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Asset Restructuring"*
"Parent Undertakings"	the undertakings given by our Parent to Taihang Cement and its shareholders in October 2007, the terms of which are set out in *"Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders"*
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PBOC Rate"	the exchange rate for foreign-exchange transactions set daily by the PBOC based on the previous day's China interbank foreign exchange market rate and with reference to current exchange rates on the world financial markets
"PRC Company Law"	the *Company Law of the PRC* (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on 27 October 2005 and effective 1 January 2006 (as amended, supplemented or otherwise modified from time to time)
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government," "Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them

"Price Determination Date"	the date on which the Offer Price is fixed by us and the Joint Bookrunners (on behalf of the Underwriters) for the purpose of the Global Offering, expected to be on or around Thursday, 23 July 2009, and in any event not later than Monday, 27 July 2009
"Promoters"	the initial promoters of the Company, being our Parent, Sinoma, Hopeson, Beifang Real Estate and Tianjin Building Materials
"Property Valuation Report"	the property valuation report prepared by Savills, an independent property valuer, as set out in "*Appendix IV — Property Valuation*"
"Savills" or "Savills Professional Services"	Savills Valuation and Professional Services Limited (第一太平戴維斯估值及專業顧問有限公司)
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Nomination Committee"	the remuneration and nomination committee of our Board
"Reorganisation"	the reorganisation of the group of companies now comprising our Group, conducted in preparation for the Listing, details of which are set out in "*History, Reorganisation and Group Structure*"
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外滙管理局)
"SAIC"	State Administration For Industry and Commerce (中華人民共和國國家工商行政管理總局)
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (中華人民共和國國務院國有資產監督管理委員會)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the *Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)

"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising H Shares, Domestic Shares and unlisted Foreign Shares
"Shareholder(s)"	holder(s) of our Shares
"Special Regulations"	the *Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Companies* (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on 4 August 1994 (as amended, supplemented or otherwise modified from time to time)
"Stabilising Manager"	UBS AG, Hong Kong Branch
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of our Company
"Taihang Cement Distribution Agreement"	the cement production distribution agreement dated 15 July 2008, entered into among our Parent, our associate Taihang Cement, our Company and our subsidiary Dingxin Cement in relation to the sale of cement, clinker and concrete products
"Taihang Cement Board Resolutions"	the resolutions of the board of directors (including the independent non-executive directors) of Taihang Cement passed on 12 November 2008, together with the opinion of the independent board of directors of Taihang Cement dated 12 November 2008, relating to, among other things, the future business development of Taihang Cement
"Taihang Huaxin Entrustment Agreement"	the entrustment agreement dated 26 July 2008 and entered into by our Parent and us whereby our Parent entrusted its 61.67% equity interest in Taihang Huaxin to us
"Track Record Period"	the three financial years ended 31 December 2008 and the three months ended 31 March 2009
"Transferred Out Entities"	the 33 entities that were sold by the Group to the Parent in December 2007, as detailed in "*Financial Information — Key Factors Affecting Our Results of Operations and Financial Condition — Changes in portfolio companies — Our disposals*"
"UBS" or "Global Coordinator" or "Sponsor"	UBS AG, Hong Kong Branch, a registered institution under the SFO for Type 1 (dealing in securities), Type 4 (advising on

	securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Placing Agreement
"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated under it
"VAT"	value added tax
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in applicant's own name by submitting applications online through the designated website of White Form eIPO **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"WTO"	the World Trade Organization

In this prospectus, unless the context otherwise requires, the following company names shall have the meaning set out below.

"BACP"	Beijing Aerated Concrete Co., Ltd. (北京市加氣混凝土有限責任公司), a limited liability company established on 12 October 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Badaling Travel"	BBMG Badaling Hot Spring Resort Co., Ltd. (北京金隅八達嶺溫泉度假村有限責任公司), a limited liability company established on 13 March 1997 under the laws of the PRC and a wholly owned subsidiary of our Parent
"BBMA"	Beijing Building Materials Academy Co., Ltd. (北京建築材料科學研究總院有限公司), a limited liability company established on 6 November 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"BBMG Century City"	BBMG Century City Property Development Co., Ltd. (北京金隅世紀城房地產開發有限公司), a limited liability company established on 21 January 2002 under the laws of the PRC and directly owned as to 80.0% by our Company, 10.0% by Tiantan Allied Industrial and 10.0% by Beijing GEM
"BBMG Concrete"	BBMG Concrete Co., Ltd. (北京金隅混凝土有限公司), a limited liability company established on 10 July 2003 under the laws of the PRC and directly owned as to 69.71% by our Company, 17.66% by Beijing Baicheng Jianye Building Materials Co., Ltd. (北京百誠建燁建材有限責任公司) and 12.63% by Beijing Zhongjian Beirui Concrete Co., Ltd. (北京中建北瑞混凝土有限責任公司)
"BBMG Fengshan Resort"	BBMG Fengshan Hot Spring Resort Co., Ltd. (北京金隅鳳山溫泉度假村有限公司), a limited liability company established on 19 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company, which operates Fengshan Resort (金隅鳳山溫泉度假村)
"BBMG Home"	BBMG Home Furnishing Co., Ltd. (北京金隅家居有限公司), a limited liability company established on 11 June 2007 under the laws of the PRC and a wholly owned subsidiary of BBMT
"BBMG Logistics"	BBMG Logistics Co., Ltd. (北京金隅物流有限公司), a limited liability company established on 24 May 2006 under the laws of the PRC and a wholly owned subsidiary of our Company

"BBMG Mangrove Environmental"	BBMG Mangrove Environmental Protection Technology Co., Ltd. (北京金隅紅樹林環保技術有限責任公司), a limited liability company established on 13 December 2005 under the laws of the PRC and a wholly owned subsidiary of our Company
"BBMG Property"	BBMG Property Operation Management Co., Ltd. (北京金隅地產經營管理有限公司), a limited liability company established on 22 November 2007 under the laws of the PRC and a wholly owned subsidiary of our Company
"BBMG Property Management"	BBMG Property Management Co., Ltd. (北京金隅物業管理有限責任公司), a limited liability company established on 8 October 1997 under the laws of the PRC and a wholly owned subsidiary of our Company
"BBMG Vanke"	BBMG Vanke Property Development Co., Ltd. (北京金隅萬科房地產開發有限公司), a limited liability company established on 27 July 2007 under the Laws of the PRC and directly owned as to 51.0% by Beijing GEM and 49.0% by Beijing Vanke Co., Ltd. (北京萬科企業有限公司)
"BBMIEC"	Beijing Building Materials Import and Export Co., Ltd. (北京市建築材料進出口有限公司), a limited liability company established on 23 October 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"BBMT"	Beijing Building Materials Trading Co., Ltd. (北京建築材料經貿有限責任公司), a limited liability company established on 19 March 2007 under the laws of the PRC and a wholly owned subsidiary of our Company
"BBMT-Xinke"	Beijing BBMT-Xinke Building Materials Co., Ltd. (北京建貿新科建材有限公司), a limited liability company established on 31 January 2000 under the laws of the PRC and directly owned as to 92.15% by BBMT and 7.85% by nine natural person shareholders
"Beifang Real Estate"	Beifang Real Estate Development Co., Ltd. (北方房地產開發有限責任公司), a State-owned enterprise established in the PRC on 20 July 1993 and converted into a limited liability company on 30 November 2000 and one of the Promoters of our Company
"Beijing Architectural"	Beijing Architectural Coating Co., Ltd. (北京市建築塗料廠有限責任公司), a limited liability company established on 9 October 2006 under the laws of the PRC and a wholly owned subsidiary of our Company

"Beijing Cement Plant"	Beijing Cement Plant Co., Ltd. (北京水泥廠有限責任公司), a limited liability company established on 31 May 2000 under the laws of the PRC and directly owned as to 69.23% by China Cinda and 30.77% by Beijing Dacheng Real Estate Development Corporation (北京大成房地產開發總公司), notwithstanding our Parent is the registered owner
"Beijing Gaoling"	Beijing Gaoling Property Development Co., Ltd. (北京高嶺房地產開發有限公司), a limited liability company established on 18 January 1994 under the laws of the PRC and a wholly owned subsidiary of our Company
"Beijing GEM"	BBMG GEM Property Development Co., Ltd. (北京金隅嘉業房地產開發有限公司), a limited liability company established on 18 August 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Beijing Huaye"	Beijing Huaye-Dasheng Technology Co., Ltd. (北京華業大盛科技有限公司), a limited liability company established on 16 June 2000 and dissolved on 14 December 2007 and an independent third party
"Beijing Jiandu"	Beijing Jiandu Design and Research Institute Co., Ltd. (北京建都設計研究院有限責任公司), a limited liability company established on 1 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Beijing Jianji"	Beijing Jianji Assets Management Co., Ltd. (北京建機資產經營有限公司), a limited liability company established on 5 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Beijing Jianyuan Hotel"	Beijing Jianyuan Hotel Co., Ltd. (北京市建苑賓館有限公司), a limited liability company established on 23 December 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Beijing Jihongfengrun"	Beijing Jihongfengrun Property Development Co., Ltd. (北京紀宏豐潤房地產開發有限公司), a limited liability company established on 3 July 2002 under the laws of the PRC and a wholly owned subsidiary of Beijing GEM
"Beijing Keshi"	Beijing Keshi Hardware Co., Ltd. (北京市科實五金有限責任公司), a limited liability company established on 8 November 2006 under the laws of the PRC and a wholly owned subsidiary of our Company

"Beijing Pinggu"	Beijing Pinggu No. 2 Cement Plant Co., Ltd. (北京市平谷區水泥二廠有限公司), a limited liability company established on 5 February 2007 and a wholly owned subsidiary of our Parent
"Beijing Taihong Investment"	Beijing Taihong Investment (Group) Co., Ltd. (北京泰鴻投資（集團）有限公司), a limited company established on 25 May 2000 in the PRC and one of the new investors in our Company (for further details, see "*History, Reorganisation and Group Structure — Changes in Registered Share Capital and Transfer of Shares — The new investors*")
"Beijing Yanshan"	Beijing Yanshan Cement Co., Ltd. (北京市燕山水泥有限公司), a limited liability company established on 1 May 1959 under the laws of the PRC and a wholly owned subsidiary of our Parent
"Beizhuan"	Beijing Beizhuan Gas Station Co., Ltd. (北京市北磚加油站有限責任公司), a limited liability company established on 30 January 2007 under the laws of the PRC and owned as to 62.5% by Xiang Brand Walling and 37.5% by Sinopec
"BJ Ceramics"	Beijing Ceramics Plant Co., Ltd. (北京市陶瓷廠有限責任公司), a limited liability company established on 5 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"BMBM"	Beijing Modern Building Materials Co., Ltd. (北京現代建築材料有限責任公司), a limited liability company established on 23 November 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"BSBM"	Beijing Star Building Materials Co., Ltd. (北京星牌建材有限責任公司), a limited liability company established on 28 December 2000 under the laws of the PRC and a wholly owned subsidiary of our Company
"Bulangni"	Beijing Jianhua-Bulangni Concrete Co., Ltd. (北京建華布朗尼混凝土有限公司), a limited liability company established on 29 November 1994 under the laws of the PRC and directly owned as to 55.0% by BBMG Concrete and 45.0% by Chian Hua Singapore Pte., Ltd. (新加坡建華混凝土私人有限公司)
"China Cinda"	China Cinda Asset Management Corporation (中國信達資產管理公司), a wholly State-owned limited liability company established in the PRC on 19 April 1999, and one of

	the new investors in our Company (for further details, see "*History, Reorganisation and Group Structure — Changes in Registered Share Capital and Transfer of Shares — The new investors*")
"Dachang BBMG"	BBMG (Dachang) New Building Materials Co., Ltd. (大廠金隅新型建材有限公司), a limited liability company established on 11 July 2007 under the laws of the PRC and a wholly owned subsidiary of our Company
"Dingxin Cement"	Luquan Dongfang Dingxin Cement Co., Ltd. (鹿泉東方鼎鑫水泥有限公司), a limited liability company established on 26 September 2002 under the laws of the PRC and directly owned as to 85.08% by our Company, 13.38% by China National Complete Plant Import & Export Corp. Ltd. (中成進出口股份有限公司) (which was entrusted to us, as detailed in "*History, Reorganisation and Group Structure — Our Principle Subsidiaries — Cement — Dingxin Cement*") and 1.54% by the Design and Research Institute of Tianjin Cement Industry (天津水泥工業設計研究院)
"Gongyi Tongda Technology"	Gongyi Tongda Zhongyuan Refractory Technology Co., Ltd. (鞏義通達中原耐火技術有限公司), a limited liability company established on 28 October 1994 under the laws of the PRC and a wholly owned subsidiary of Tongda Refractory
"Great Wall Furniture"	Beijing Great Wall Furniture Co., Ltd. (北京長城傢俱有限公司), a limited liability company established on 29 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Hopeson"	Hopeson Holdings Limited (合生集團有限公司), a limited liability company incorporated in Hong Kong on 9 March 1995 and one of the Promoters of our Company
"Hua Xi Xin Yu"	Hua Xi Xin Yu Investment Co., Ltd. (華熙昕宇投資有限公司), a limited liability company established in the PRC on 19 January 2000 and one of the new investors in our Company (for further details, see "*History, Reorganisation and Group Structure — Changes in Registered Share Capital and Transfer of Shares — The new investors*")
"Jinhaiyan Assets Management"	Beijing Jinhaiyan Assets Management Co., Ltd. (北京金海燕資產經營有限責任公司), a limited liability company established on 12 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company

"Jinhaiyan Glass Wool"	Beijing Jinhaiyan Glass Wool Co., Ltd. (北京金海燕玻璃棉有限公司), is a limited liability company establish on 17 October 1995 under the laws of the PRC and a wholly owned subsidiary of our Parent
"Jinhuyuan Property Management"	Beijing Jinhuyuan Property Management Co., Ltd. (北京錦湖園物業管理有限公司), a limited liability company established on 14 December 1998 under the laws of the PRC and a wholly owned subsidiary of BBMG Property Management
"Jinzhiding"	Beijing Jinzhiding Chemical Building Material Science and Technology Co., Ltd. (北京金之鼎化學建材科技有限責任公司), a limited liability company established on 25 March 1996 under the laws of the PRC and a wholly owned subsidiary of BBMA
"Liulihe Cement"	Beijing Liulihe Cement Co., Ltd. (北京市琉璃河水泥有限公司), a limited liability company established on 23 November 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Maydos-Sanqi Coating"	Beijing Maydos-Sanqi Coating Co., Ltd. (北京美塗三旗塗料有限責任公司), a limited liability company established on 20 October 2005 under the laws of the PRC and a wholly owned subsidiary of Beijing Architectural
"NanoMei"	Beijing NanoMei Science and Technology Development Co., Ltd. (北京納美科技發展有限責任公司), a limited liability company established on 31 August 2000 under the laws of the PRC and directly owned as to 80.0% by our Company, 15.0% by BBMA and 5.0% by Sichuan Jun-yi Digital Technology Development Co., Ltd (四川君逸數碼科技發展有限公司)
"New Horizon Jasmine"	New Horizon Jasmine Investment Limited, a limited liability company incorporated in Hong Kong on 28 November 2007 and one of the new investors in our Company (for further details, see "*History, Reorganisation and Group Structure — Changes in Registered Share Capital and Transfer of Shares — The new investors*")
"Parent"	BBMG Group Company Limited (北京金隅集团有限責任公司), a limited liability company established on 6 December 1996 under the laws of PRC and a wholly owned subsidiary of Beijing SASAC
"Parent Group"	Our Parent and its subsidiaries, excluding us and our subsidiaries

"Quinette Great Wall Seats"	Beijing Quinette Great Wall Seats Co., Ltd. (北京奇耐特長城座椅有限公司), a limited liability company established on 19 December 2003 under the laws of the PRC and directly owned as to 60.0% by Great Wall Furniture and 40.0% by Quinette Gallay (法國奇耐特蓋裏公司)
"Runfeng Investment"	Runfeng Investment Group Co., Ltd. (潤豐投資集團有限公司), a limited liability company established on 23 February 2001 under the laws of the PRC and one of the new investors in our Company (for further details, see "*History, Reorganisation and Group Structure — Changes in Registered Share Capital and Transfer of Shares — The new investors*")
"Sanchong Mirrors"	Beijing Sanchong Mirrors Co., Ltd. (北京三重鏡業有限公司), a limited liability company established on 3 March 1995 under the laws of the PRC and a wholly owned subsidiary of our Company
"Sinoma"	China National Materials Co., Ltd. (中國中材股份有限公司), a joint stock company incorporated in the PRC on 31 July 2007, whose securities have been listed on the Hong Kong Stock Exchange (stock code: 1893) since 20 December 2007 and one of the Promoters of our Company
"Sinoma International"	Sinoma International Engineering Co., Ltd. (中國中材國際工程股份有限公司), a joint stock limited company established on 28 December 2001 under the laws of PRC and the shares of which have been listed on the Shanghai Stock Exchange (stock code: 600970) since 12 April 2005
"Sinopec"	SINOPEC Beijing Oil Products Company (中國石油化工股份有限公司北京石油分公司), incorporated in the PRC on 7 June 2000 and a branch of China Petroleum & Chemical Corporation, whose securities have been listed on the Hong Kong Stock Exchange (stock code: 386) since 19 October 2000, London Stock Exchange (ADR:SNP) since 19 October 2000, New York Stock Exchange (ADR:SNP) since 18 October 2000 and Shanghai Stock Exchange (stock code: 600028) on 8 August 2001
"Star-USG Building Materials"	STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司), a limited liability company established on 12 November 2007 under the laws of the PRC and directly owned as to 50.0% by our Company and 50.0% by USG ChinaLux S.à.r.l. (優時吉中盧有限責任公司)

"Taihang Cement"	Hebei Taihang Cement Co., Ltd. (河北太行水泥股份有限公司), a joint stock company incorporated in the PRC on 5 March 1993 the securities of which have been listed on the Shanghai Stock Exchange (stock code: 600553) since 20 August 2002, with Taihang Huaxin as its Controlling Shareholder (30.0% interest as at 30 June 2009)
"Taihang Huaxin"	Hebei Taihang Huaxin Building Materials Co., Ltd. (河北太行華信建材有限責任公司), a limited liability company established on 15 March 2002 under the laws of the PRC and directly owned as to 33.33% by our Company, 61.67% by our Parent (which was entrusted to us, as detail in "*Relationship with Controlling Shareholder — Entrustment Agreement in respect of Taihang Huaxin*") and 5.0% by Handan SASAC
"Tianjin Building Materials"	Tianjin Building Materials (Holding) Co., Ltd. (天津市建築材料集團(控股)有限公司), a wholly State-owned limited liability company established in the PRC on 21 December 1994 and one of the Promoters of our Company
"Tiantan Allied Industrial"	Beijing Tiantan Allied Industrial Development Co., Ltd. (北京天壇聯合實業發展有限責任公司), a limited liability company established on 18 October 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Tiantan Furniture"	Beijing Tiantan Corporation (北京天壇股份有限公司), a joint stock company established on 28 December 1999 under the laws of the PRC and owned as to 93.055% by our Company, 1.122% by Beijing North Star Industrial Group (北京北辰實業集團公司), 0.374% by Beijing Uni-Construction Group Co., Ltd (北京住總集團有限責任公司), 4.701% by 408 shareholders of tradable legal person shares, 0.374% by BBMA and 0.374% by Beijing Construction Engineering Group (北京建工集團有限責任公司)
"Tongda Refractory"	Beijing Tongda Refractory Technology Corporation (北京通達耐火技術股份有限公司), a joint stock company established on 10 May 2006 under the laws of the PRC and directly owned as to 57.0% by our Company, 11.4% by Sinoma International, 9.5% by Beijing Enterprises Holding High Tech Development Co., Ltd. (北控高科技發展有限公司), 6.65% by Tangshan Sinoma Heavy Machinery Co., Ltd. (唐山中材重型機械有限公司), 5.7% by Jiangsu Sinoma Cement Technology and Equipment Co., Ltd. (江蘇中材水泥技術裝備有限公司), 4.75% by Beijing Guide Energy Venture Capital Co., Ltd. (北京國建易創投資有限公司) and 5.0% by

	Zhengzhou Julong Investment Corporation (鄭州巨龍投資股份有限公司)
"Wanjia"	Beijing Jinyu Wanjia Property Brokerage Co., Ltd. (北京金隅萬嘉房地產經紀有限公司), a limited liability company established on 4 March 2005 and an independent third party
"Woodworking Factory"	Beijing Woodworking Factory Co., Ltd. (北京市木材廠有限責任公司), a limited liability company established on 13 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Xiang Brand Walling"	Beijing Xiang Brand Wall Materials Co., Ltd. (北京市翔牌墻體材料有限公司), a limited liability company established on 18 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Xiliu Building Materials"	Beijing Xiliu Building Materials Co., Ltd. (北京市西六建材有限責任公司), a limited liability company established on 8 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Xinbeishui"	Beijing Xinbeishui Cement Co., Ltd. (北京新北水水泥有限責任公司), a limited liability company established on 31 December 2006 under the laws of the PRC and directly owned as to 55.0% by BBMG Mangrove Environmental and 45.0% by Beijing Cement Plant
"Xisanqi High-Tech Building Materials"	Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd. (北京西三旗高新建材城經營開發有限公司), a limited liability company established on 8 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Xunsheng Wall Materials"	Beijing Xunsheng Wall Materials Co., Ltd. (北京迅生墻體材料有限公司), a limited liability company established on 21 September 2006 under the laws of the PRC and a wholly owned subsidiary of our Company
"Zanhuang Cement"	Zanhuang BBMG Cement Co., Ltd. (贊皇金隅水泥有限公司), a limited liability company established on 20 February 2008 under the laws of the PRC and directly owned as to 86.67% by our Company and 13.33% by Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司) (which was entrusted to us, as detail in "*History, Reorganisation and Group Structure — Our Principle Subsidiaries — Cement — Zanhuang Cement*")

This glossary contains explanations and definitions of certain terms used in this prospectus in connection with our business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"affordable housing"	a term encompassing both economically affordable housing and reasonably priced housing
"ALC"	aerated lightweight concrete, a concrete made by injecting air or gas into the mortar, providing a substantially lower density than that made from gravel or crushed stone. It is typically easier to handle because of its decreased weight, and has insulative properties that eliminate or substantially decrease the need for additional insulation
"alum earth"	an mineral that is mostly comprised of aluminium oxide. It is mainly used in the production of aluminium and refractory materials
"building materials"	a term encompassing a variety of construction and renovation related products, including cement, concrete and modern building materials
"cement"	a mixture of clinker, limestone, clay, silica and gypsum. It is a fine powder that sets to a hard mass when mixed with water and allowed to dry
"Circular Economy"	a term used in the *PRC Circular Economy Law* (中華人民共和國循環經濟促進法), as approved on 29 August 2008, in reference to all the waste reduction, reuse and recycling carried out during the process of production, distribution and consumption
"clinker"	grayish-black pellets, predominantly the size of marbles, which is a main ingredient in cement and produced largely from limestone, clay and a variety of minerals and iron oxide (a chemical compound composed of iron and oxygen) at high temperatures
"clay"	a nature mineral having plastic properties and composed of very fine particles. Mouldable when wet and fused into permanent form at very high temperatures
"cb.m."	cubic metre/metres
"concrete"	a mixture of aggregates, cement and water that will harden after hydration, a process where water is added to cement to form hydraulic cement paste to make the cement paste harder

"dry-mixed mortar"	a building material made by mixing lime, cement (or plaster of Paris) with sand and other materials, which is sometimes used in masonry for joining stones or bricks and for plastering
"E-1 standard"	a rating standard promulgated by the PRC for the formaldehyde emission of indoor decorating and refurbishing materials
"economically affordable housing"	a type of social welfare housing project (經濟適用房)
"effective corporate income tax rate"	the rate at which a company is actually taxed, versus its statutory rate. This rate is calculated by taking the total tax amount, subtracting LAT, and dividing that by the profit before tax amount, minus LAT
"fly ash"	the ash by-product of burning coal in thermal power plants, which is used as an inherent hydraulic material when mixed with cement
"GB8624 standards"	the standards set down by the PRC Government that provide a measurement system for classifying the combustibility of building materials and other products
"GB/T 28001 Occupational Health Safety Management System"	a standard set down by the PRC Government that provides a measurement system for the development of occupational health safety management systems
"GDP"	gross domestic product
"GFA"	gross floor area
"glass wool"	fine-spun fibres of glass used for insulation and in air filters
"granular cotton"	an incombustible fibre granular product primarily made of good quality slag. It is widely used for heat and sound insulation
"gypsum"	a mineral consisting of hydrous calcium sulphate that is used as a set-controlling agent when added to soil and in making plaster of Paris
"high grade cement"	cement products with compressive strength of more than or equal to 42.5 grade or above
"ISO"	International Organization of Standardization
"ISO 9001"	the keystone standard of the 9000 series, which are used in international standards systems for the development of quality management systems and their supporting audit programmes

"ISO 10012"	specifies the quality management requirements of a measurement management system that can be used by an organisation performing measurements as part of an overall management system, and to ensure metrological requirements are met
"ISO 14001"	the keystone standard of the 14000 series, which are used in international standards systems for the development of environmental management systems, taking into account legal requirements and other requirements to which the organisation subscribes, and information about significant environmental aspects
"JC/T452-2002"	a standard for the grades of quality for normal cement
"land grant contract"	an agreement with local government authority that provides for, among other things, the amount of land premium that should be paid for acquiring a land use right for a land. A land use rights certificate is normally issued after the payment of land premium and the fulfillment of other conditions set forth in the land grant contracts
"land use rights certificate"	State-owned Land Use Rights Certificate (國有土地使用證), a certificate of the rights of a person or legal entity to use a parcel of land in the PRC
"LAT"	land appreciation tax
"limestone"	a sedimentary rock, mainly composed of mineral calcite
"mg/Nm^3"	represents milligrams per cubic metre, as measured under normal air conditions
"mineral wool"	an inorganic fibrous substance that is produced by steam blasting and cooling molten glass (or a similar substance), which is often used as an insulator or a filtering material
"NSP"	new suspension preheater, a process under which the raw materials of cement are preheated and disintegrated before being fed into a rotary kiln
"OHSAS 18001"	an Occupation Health and Safety Assessment Series for health and safety management systems
"Pascal"	a derived unit of pressure or stress. It is a measure of perpendicular force per unit area (i.e., equivalent to one newton per square metre or one joule per cubic metre)

"PO"	Ordinary Portland cement, also known as grey cement, used in normal construction, which consists of 80% clinker, 5% gypsum and 15% of interground additives and other materials
"public tender, auction or listing for bidding"	public tender, auction or listing at a land exchange administered by the local government, each of which is a competitive bidding process through which a purchaser acquires land use rights directly from the Government
"reasonably priced housing"	normal commodity housing projects in which the size and sale price are limited by the Government (雙限商品房)
"refractory materials"	materials (such as bricks or blocks) that do not deform significantly or change chemically when subject to high temperature
"sandstone"	a sedimentary rock mainly formed of sand-sized quartz grains cemented with aluminosilicates or iron compounds
"silica"	a white or colorless crystalline compound, SiO_2, which occurs abundantly as quartz, sand, flint, agate and many other minerals, and is used to manufacture a wide variety of materials, especially glass and concrete
"slag"	a by-product of the production of steel, which is used as inherent hydraulic material when mixed with cement, and for other manufacturing processes
"sq.m."	square metre/metres
"tonnes"	metric tonne, equivalent to 1,000 kilogrammes

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- the Asset Restructuring;
- our business strategies and our various measures to implement them;
- our capital expenditure plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- projects under construction or planning;
- our financial condition;
- availability of bank loans and other forms of financing;
- estimates of production capacities and volumes, and operating costs;
- our dividend policy;
- the future developments and competitive environment in our industry;
- the regulatory environment for our industry in general; and
- the general economic trend in China and general economic conditions.

The words "anticipate", "believe", "consider", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "project", "seek", "will", "would" and similar expressions and the negatives of these words, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect the current views of our Directors with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Subscribers for, and purchasers of, our Offer Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties. The uncertainties in this regard include, but are not limited to, those identified in "*Risk Factors*", many of which are not within our Company's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as a representation by us or our Directors that our plans or objectives will be achieved. If any or all of these risks or uncertainties materialise, or the underlying assumptions prove to be incorrect, our financial condition may be materially and adversely affected, and actual outcomes may materially differ from those described in this prospectus as anticipated, believed, estimated or expected.

Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Offer Shares. Our operations involve certain risks, many of which are beyond our control. You should pay particular attention to the fact that we are a PRC company and we are governed by a legal and regulatory environment that may differ in some respects from that which prevails in other countries. Our business, financial condition and operating results could be materially and adversely affected by any of these risks. The trading price of our H Shares could decline due to any of these risks and you could lose all or part of your investment. Additional risks and uncertainties that are not presently known to us, that are not expressed or implied below, or that we currently deem to be immaterial, could also have a material adverse effect on our business, financial condition and operating results.

RISKS RELATING TO OUR GENERAL OPERATIONS

Our Parent has given legal undertakings which may be detrimental to us.

Through the Taihang Huaxin Entrustment Agreement, we indirectly hold a 30.0% interest in Taihang Cement. When our Parent originally acquired this interest in 2007, our Parent, at the request of the CSRC, gave the Parent Undertakings in favour of Taihang Cement and its shareholders to address the issue of potential competition between the cement businesses of our Parent (including our cement business) and that of Taihang Cement. On 18 February 2009, our Parent notified Taihang Cement that (i) it would formulate the Asset Restructuring proposal and apply for the necessary approvals within 12 months from the date of Listing and (ii) assuming that all necessary approvals are received, the management of our Parent believed that the Asset Restructuring could be completed within 24 months from the date of Listing. Our Parent also expressed its intent, as one of the possible ways to complete the Asset Restructuring, to subscribe for new shares of Taihang Cement as consideration for transferring the cement assets and businesses to Taihang Cement. This notification was published in the Asset Restructuring Announcement on the website of the Shanghai Stock Exchange on 20 February 2009. For further details on the background of the Parent Undertakings, see "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders*".

The Parent Undertakings require our Parent to transfer to Taihang Cement all of our cement-related assets and businesses.

The Parent Undertakings require our Parent, among other things, to transfer to Taihang Cement, when conditions are appropriate, all of our assets and businesses related to the cement business. Following such transfer, we will only be involved in the cement business, including any management control over our cement-related assets and businesses, through the equity interest that we will hold in Taihang Cement. Assuming we receive additional shares in Taihang Cement as consideration for the cement businesses we transfer, we will have an increased economic interest in the cement businesses owned by Taihang Cement; however, if this transfer occurs, regardless of the consideration, we will have a reduced economic interest in the cement businesses that we currently own. Investors should consider the possible effects of the transfer on our results of operations, business and prospects. For example, the performance of the cement businesses that we currently own will have less of an impact on our results of operations, and the cement businesses currently owned by Taihang Cement will have a greater impact on our results of operations, than prior to the transfer. In addition, we will no longer own our cement assets and businesses independently of other parties. As a consequence, any profit generated by these assets and businesses will be allocated *pro* *rata* among Taihang Cement's various shareholders, including its public shareholders, and, to the extent we have management control, we will be obliged to take into consideration the interests of other shareholders when managing these assets and businesses. Furthermore, as part of Taihang Cement, the management of these cement assets and businesses may become subject to the rules of the Shanghai Stock Exchange. Finally, our cement assets and businesses and the operations of Taihang Cement will need to be integrated, which, as with any substantial merger or acquisition, is subject to a number of uncertainties.

The consideration we receive in exchange for our cement-related assets and businesses may be lower than expected.

In connection with the Asset Restructuring, an independent valuer will be appointed to determine the market value of the cement businesses and assets that will be transferred to Taihang Cement. The market value determined by the independent valuer will be subject to approval by the Beijing SASAC. The value of our cement businesses and assets is subject to change according to the prevailing economic and market conditions. There can be no assurance that the market value of our cement businesses and assets as determined by the independent valuer at the time of the Asset Restructuring will not be lower than expected, in which case, the consideration received by us for the Asset Restructuring will be lower than expected as well.

Failure of the Asset Restructuring proposal could be considered a breach of the Parent Undertakings and could give rise to litigation or result in action by the PRC authorities or the Shanghai Stock Exchange.

Failure of the Asset Restructuring could be considered a breach of the Parent Undertakings. The Asset Restructuring proposal could fail for a variety of reasons, including the following:

- If our Parent fails to finish formulating the Asset Restructuring proposal or fails to apply for approval of such proposal within 12 months from the date of Listing, this will constitute a breach by the Parent of the Parent Undertakings in respect of the timing commitment set out in the Asset Restructuring Announcement described above.

- If the Asset Restructuring proposal is not approved by our Shareholders, Taihang Cement or its shareholders may consider the failure of our Parent to procure approval of such proposal by our Shareholders a breach of the Parent Undertakings.

  Depending on the valuation of our cement assets and businesses at the time of implementing the Asset Restructuring, the Asset Restructuring may constitute a major transaction or a very substantial disposal under the Listing Rules. Under Rule 14.46 and Rule 14.49 of the Listing Rules, the Stock Exchange has the authority to require any shareholder and its associates to abstain from voting at the relevant shareholders' meeting if such shareholder has a material interest in the transaction being considered. Rule 2.15 of the Listing Rules also requires that any shareholder that has a material interest in a transaction or arrangement must abstain from voting on the resolution approving the transaction or arrangement at the general meeting. If our Parent is considered to have a material interest in the Asset Restructuring when the Asset Restructuring proposal is presented to our Shareholders at the relevant Shareholders' meeting, our Parent and its associates will, in accordance with the Listing Rules, be required to abstain from voting. In the event the Asset Restructuring is carried out as described in the sections "*Relationship with Controlling Shareholder*" and "*Asset Restructuring*", our Parent will be deemed to have a material interest in the Asset Restructuring proposal and our Parent would be required to abstain from voting at the relevant shareholders' meeting, pursuant to the relevant Listing Rules. Should the circumstances differ at the time of the actual shareholders' meeting regarding the Asset Restructuring, our Parent may or may not be deemed to have a material interest in the Asset Restructuring, and will abide by the relevant Listing Rules at that time. We will, and will take all reasonable steps with the view to procure our Parent to, comply with Rules 2.15, 14.46 and 14.49 and all other applicable requirements under the Listing Rules in connection with the Asset Restructuring. Our PRC legal adviser is of the view that even if our Parent is required to abstain from voting at the relevant Shareholders' meeting, our Parent will not be in breach of the Parent Undertaking if our Parent has used its best endeavours to procure the passage of the relevant resolution by presenting the Asset Restructuring proposal and its opinion to our Shareholders at the meeting.

- If the Asset Restructuring proposal is not approved by the relevant government or regulatory authorities for any reason, Taihang Cement or its shareholders may consider that our Parent is in breach of the Parent Undertakings.

A breach of the Parent Undertakings, or an allegation of breach, could give rise to litigation against our Parent.

Our PRC counsel has advised us that if it is determined our Parent has breached the Parent Undertakings, a PRC court would not ordinarily enter a judgement ordering us or our subsidiaries to assume our Parent's obligations under the Parent Undertakings. However, if our Parent or our Group is considered to be seriously impairing the independence of, or harming the interest of, Taihang Cement (including by our Parent breaching the Parent Undertakings), any future financing, share transfer, merger and acquisition or restructuring activities of our Parent and our Group, to the extent such activities are under the supervision of the CSRC, could be subject to more stringent scrutiny by the CSRC in accordance with the *Notice for the Intensified Remedial Measures Regarding the Corporate Governance of the Listed Companies* (關於開展加強上市公司治理專項活動有關事項的通知). The specific nature of this stringent scrutiny would be at the discretion of the CSRC.

Our Parent and/or our Group could also be publicly reprimanded or be subject to public criticism by the Shanghai Stock Exchange in accordance with the *Listing Rules of the Shanghai Stock Exchange* (上海證券交易所股票上市規則).

Our right to compete with Taihang Cement is limited.

If we or our Parent controls Taihang Cement, a PRC-listed corporation, we are legally required to avoid competing with Taihang Cement. As a consequence of the Taihang Huaxin Entrustment Agreement, it is likely that we will be regarded under PRC law as holding a controlling shareholding interest in Taihang Cement. Under PRC law and regulations, a controlling shareholder of a PRC-listed corporation (including its subsidiaries) may not engage in the same business as, or a similar business to, that of the listed corporation and must implement effective measures to avoid competition with the PRC-listed corporation's business. Under these laws and regulations and the terms of the Parent Undertakings, we may not, and our Parent is required to procure that we do not, directly or indirectly compete with Taihang Cement's business. To address this competition issue, we entered into a cement product distribution agreement with Taihang Cement on 15 July 2008, principally to delineate the existing and future sales markets of Taihang Cement and our Company. For further details of this cement product distribution agreement, see "*Business — Cement Segment — Sales and marketing — Taihang Cement Distribution Agreement*". If the cement product distribution agreement is amended, terminated or determined to be void, we may be unable to continue our existing cement business and operations or to further expand our cement business and operations. If this happens, our financial position, results of operations and prospects may be materially and adversely affected.

In addition, our Parent has given a legal undertaking to procure that we do not directly or indirectly compete with Taihang Cement. In light of the Parent Undertakings and the Taihang Cement Board Resolutions passed by Taihang Cement on 12 November 2008, whenever our Parent or we have an opportunity to engage in a business that may compete with the production and operation of Taihang Cement in Handan, Hebei Province, our Parent and we have an obligation to first offer such business opportunity to Taihang Cement. In addition, if the confirmations given by Taihang Cement in the Taihang Cement Board Resolutions are revoked, whenever our Parent and we have a business opportunity to engage in a business that may compete with the production and operation of Taihang Cement anywhere in its existing and future markets, our Parent and we have an obligation to notify Taihang Cement and first offer such business opportunity to Taihang Cement. If Taihang Cement accepts the business opportunity being offered by our Parent and us, Taihang Cement, and not our Group, will participate in the business opportunity, and our financial position, results of operations and prospects may be materially and adversely affected. After the Asset Restructuring, the Parent Undertakings relating to competition with Taihang Cement will continue to apply, as will the legal prohibition stemming from our status as a controlling shareholder of Taihang Cement.

If the Asset Restructuring is not implemented in accordance with the Asset Restructuring Announcement, an alternative restructuring plan may be required to address, among other things, the competition issue with Taihang Cement.

The Asset Restructuring is subject to a number of uncertainties, including whether various regulatory approvals in the PRC can be obtained, whether the approval of the shareholders of Taihang Cement can be obtained, and, in the event that the Assets Restructuring constitutes a major transaction or a very substantial disposal under the Listing Rules, whether the approval of the shareholders of our Company can be obtained. Although our Parent has indicated to us that it intends to carry out the Asset Restructuring in accordance with the Asset Restructuring Announcement, the Asset Restructuring may not be implemented in accordance with the Asset Restructuring Announcement, as a result of factors not within our Parent's control or for other reasons.

If the obligations of our Parent under the Parent Undertakings to procure that we transfer our cement-related assets and businesses to Taihang Cement no longer apply because, for example, the shareholders of Taihang Cement have failed to approve the Asset Restructuring as proposed in accordance with the Asset Restructuring Announcement, an alternative form of asset restructuring may nevertheless be required to effectively resolve the legal requirement that we, as a controlling shareholder of Taihang Cement, not engage in a business that competes with that of Taihang Cement. We cannot assure you of the form of such alternative asset restructuring or when an alternative form of asset restructuring would, if necessary, be agreed among the relevant parties and the regulatory authorities in the PRC and implemented. Any such alternative form of asset restructuring could involve, among other things, divestment of our Group's interest in Taihang

Cement. Investors should consider the potential effects of the consummation of such a possible alternative restructuring plan on our results of operations, business and prospects. If our Group divests all of its interest in Taihang Cement, no portion of Taihang Cement's profit or loss will be included any longer in our financial statements.

Taihang Cement may not become our subsidiary following the Asset Restructuring.

The Asset Restructuring Announcement issued by Taihang Cement explained that our Parent intends to implement the Asset Restructuring by subscribing for new shares of Taihang Cement in exchange for our cement assets and business, in an amount sufficient to result in Taihang Cement becoming our subsidiary. Our Parent has given an irrevocable undertaking to us not to make any Asset Restructuring proposal that would be inconsistent with the Asset Restructuring Announcement and confirming that any Asset Restructuring proposal to be made by it in the future will result in Taihang Cement becoming our subsidiary. Our PRC legal adviser is of the view that this undertaking is valid and enforceable by us against our Parent, giving us the legal right to request our Parent to comply with the undertaking. For further details related to the Asset Restructuring and the Asset Restructuring Announcement, see "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Asset Restructuring*" and "*Asset Restructuring*".

Given the above, as well as (i) the relative size and valuation of our cement assets and businesses as compared to Taihang Cement and (ii) the relevant PRC laws and regulations governing valuation and consideration in transactions such as the Asset Restructuring, we currently expect that, upon completion of the Asset Restructuring, Taihang Cement will become our subsidiary. However, if, due to changes in circumstances beyond our and our Parent's control or for other reasons, (i) the final Asset Restructuring proposal does not involve the issue to us of new shares of Taihang Cement or (ii) the number of new shares of Taihang Cement subscribed for by us is in an amount insufficient to result in Taihang Cement becoming our subsidiary, and, in either case, if the Asset Restructuring proposal is approved by the relevant government and regulatory authorities and the respective shareholders, then Taihang Cement will not become our subsidiary after completion of the Asset Restructuring. If Taihang Cement does not become our subsidiary, its results, which will include the results of our current cement business, will not be consolidated into our financial statements after the Asset Restructuring, and our business, financial position, results of operations and prospects may be materially and adversely affected.

Our performance depends on market conditions and trends in the PRC property industry, and in the overall PRC economy, any or all of which may change adversely.

All of our operations are located in the PRC and are dependent, to a certain extent, on the market conditions and trends of the PRC property industry. Government policies having a negative impact upon investment sentiment in the PRC may have an adverse effect on the general economy of the PRC and diminish prospects for the property industry. The nature, extent and timing of our projects are influenced by the interplay of a variety of factors, including China's general economic conditions and prospects, cyclical trends in the economy as a whole, fluctuations in interest rates, Government spending patterns in the construction industry, and the availability of new projects in the private sector.

The PRC economy has experienced considerable volatility in the past. We cannot assure you that the PRC market will continue to grow in the future. In addition, a slowdown in the economies of the

United States, the European Union and certain Asian nations with which the PRC has important trade relationships has slowed economic growth in the PRC. Further instability in world markets could further slow, or even halt, the growth of the PRC property market. Under these circumstances, our operations and profits could be materially and adversely affected.

Our operations could be affected by the economic crisis and the slowdown in world markets.
The recent economic crisis has caused a slowdown in world markets. As financial institutions, companies, investors and consumers attempt to retrench in an effort to reduce exposure, save capital and weather the economic contraction, the demand for products, the value of real estate and the supply of credit have decreased. This economic slowdown could affect our cement and modern building materials businesses and our property investment and property development projects. In addition, the credit tightening environment may cause an increase in the interest expense on our bank borrowings, or banks may reduce the amount of, or discontinue, banking facilities currently available to us.

It is difficult to determine the likely impact of the global financial crisis on the real estate industry in China due to its unprecedented nature. The crisis has affected and will continue to affect the domestic economy in the PRC, as a substantial portion of China's GDP is derived from exports to the United States and other countries more directly impacted by the current slowdown. Recent events have led a number of economists to predict that China will experience a significant slowdown in its economic growth rate in 2009 and beyond. While the PRC Government and governments around the world have taken actions to address this financial crisis, there can be no assurance as to the effectiveness of these actions. Particularly if the current market slowdown becomes more severe, longer lasting or broader than currently estimated, we could face a material loss of revenue and shareholder value and our business prospects could be materially and adversely affected.

Our operations depend heavily on the performance of the market in Beijing and the Beijing-Bohai Gulf Region, and part of our revenue during the Track Record Period was generated from the 2008 Olympic Games, a one-time event.
Our operations are concentrated in Beijing and the Beijing-Bohai Gulf Region. Therefore, our business, in particular our property investment and property development businesses, heavily depends on the growth and performance of the market in Beijing and the Beijing-Bohai Gulf Region. In recent years, some PRC cities have seen cyclical changes in their property markets. This has been highlighted by recent downward trends in property development in several major PRC cities, including Beijing. Also, a portion of our revenue during the Track Record Period was derived from the supply of cement and modern building materials to construction projects relating to the 2008 Olympic Games in Beijing. The 2008 Olympic Games was a one-time event, and demand for the services and products associated with these projects have ended as the projects completed.

Fluctuations in the property markets in Beijing and the Beijing-Bohai Gulf Region, either through market forces or governmental regulation, may have a material adverse effect on our revenue and profitability. Policies and measures introduced or may be introduced by the PRC Government may lead to changes in market conditions, including price instability and an imbalance between the supply of, and demand for, properties. In addition, we cannot assure you that significant or prolonged declines will not take place in the property markets in which we operate in the future. Should such events occur, our operating results and financial position could be materially and adversely affected.

The restrictive measures adopted from time to time by the PRC Government to curtail the overheating of, and foreign investment in, the PRC property market could slow the construction industry's rate of growth or cause the property market to decline.

In response to concerns over the scale of the increase in property investment and the overheating of the real estate sector in the PRC over the past few years, the PRC Government has introduced certain policies, including the following, to restrict future development:

On 27 September 2007, the PBOC and CBRC issued the *Notice on Strengthening the Administration of Commercial Property Loans* (關於加強商業性房地產信貸管理的通知), which further emphasises the PRC Government's existing policies on commercial property loans and provides, among other things, that:

- loans obtained from commercial banks, in principle must be used solely for property developments in the same area as the project company; and

- purchasers who purchase additional properties subsequent to the purchase of a residential property with a mortgage loan should pay at least 40% of the purchase price as a down payment with a loan interest rate of not less than 1.1 times the basic interest rate then published by the PBOC for the purchase of additional properties, whereas first-time purchasers who purchase property with a GFA of 90 sq.m. or less are only required to make a down payment of at least 20% of the purchase price. First-time purchasers who purchase property with a GFA more than 90 sq.m. are required to make a down payment of at least 30% of the purchase price.

According to the *Rules on the Grant of State-owned Land Use Rights for Construction through Public Tender, Auction or Listing for Bidding* (招標拍賣掛牌出讓國有建設用地使用權規定) issued by the MLR effective from 1 November 2007, land use rights for construction purposes, including for industrial use, commercial use, tourism, entertainment and commodity housing development, shall be granted by means of public tender, auction or listing for bidding. No land use rights certificates may be issued before the land premium has been fully paid up pursuant to the land grant contract, and land use rights certificates may not be issued piecemeal in proportion to the payment of the land premium. Our PRC legal adviser has advised us that these regulations do not prohibit us from paying the land premium by installment, if such an arrangement is stipulated in the land grant contract and approved by the Bureau of Land Resources of Beijing.

The PRC Government's restrictive measures to control the industry's rate of growth could limit our access to capital resources, reduce market demand and increase our operating costs. The PRC Government may adopt additional and more stringent measures in the future, which could further slow the development of the construction and property development industries and materially and adversely affect our business operations.

According to the *Law of the PRC on Urban Real Estate Administration* (中華人民共和國城市房地產管理法), the PRC Government, for public benefit, may withdraw land use rights owned by enterprises or individuals and any developments built on State-owned land. In such cases, local government will provide enterprises or individuals with compensation for the return of the land use rights or any developments on the land. However, in such an event, we may not recover the entire acquisition cost for the parcel of land or any amount expended on the development of the site or the construction of the premises. In that event, our land reserves would be reduced and our business, financial condition and results of operations would be materially and adversely affected. For further details regarding the law governing property development in the PRC, see "*Regulatory Overview*".

We recorded a net operating cash outflow during 2007 and the first quarter of 2009.

Our cash used for operating activities is principally composed of amounts we spend on our property development activities and procurement of inventory. Our cash from operations is principally generated from the sale of our products and properties. In 2007, we recorded net operating cash outflow of RMB1,186.7 million, primarily due to a large increase in inventories, particularly properties under development for sale and completed properties held for sale. The cash outflow in the three months ended 31 March 2009 was primarily due to an increase in trade receivables, mainly reflecting the flexibility in payment terms that we offered to our major cement and modern building materials customers during the economic downturn. For further details on changes in our cash flows from operating activities, see "*Financial Information — Liquidity and Capital Resources — Cash flow — Cash flows from (used by) operating activities*". We cannot assure you that our Group will be able to generate sufficient net cash inflow from our operations in the future. If we are unable to continue to finance our operations from funds generated from operating activities, our results of operations and financial position could be materially and adversely affected.

We had net current liabilities during the Track Record Period, and we relied on advances and short-term bank loans, among other cash resources, for our working capital needs.

As at 31 December 2006, 2007 and 2008 and 31 March 2009, we had net current liabilities of approximately RMB2,437.3 million, RMB4,094.6 million, RMB2,260.1 million and RMB1,588.5 million, respectively, largely as a result of other payables and accruals and our short-term bank borrowings. A large portion of our other payables and accruals were payments due to our Parent and its subsidiaries and advances and deposits received from customers. During the Track Record Period, we financed our long-term capital requirements, such as property development projects and share acquisitions, through short-term borrowings with a view to taking advantage of the lower financing costs in the PRC of short-term borrowings compared with the financing costs of long-term borrowings. In addition, we relied on advances from our Parent and its subsidiaries and advances and deposits from customers, including those from the pre-sale of our properties, as a source of our liquidity. Our net current liabilities over the Track Record Period also comprised non-recurring payments, such as consideration to be paid for the acquisition of subsidiaries. All other payables and accruals due to the Parent Group in non-trade nature were fully settled. For further details, see "*Financial Information — Working Capital — Net current liabilities*".

We cannot assure you that we will be able to record net current assets in the future, and our business operations and our ability to raise funding may be materially and adversely affected by our net current liability position. There can be no assurance that we will always be able to maintain sufficient working capital or raise necessary funding to finance our current liabilities and meet our capital commitments. In such circumstances, our business, financial position and prospects may be materially and adversely affected.

Our corporate structure, which consists of a large number of companies in multiple business lines, exposes us to challenges not found in groups with fewer companies and a single business line.

Our corporate structure consists of a large number of companies and we hold interests in various jointly-controlled entities and associates that operate across a range of related industries. Due to the diverse characteristics of these companies and our multiple business lines, we face challenges not found in groups with a single business line. In particular:

- we are exposed to business, market and regulatory risks across a range of industries. We need to devote substantial resources to monitor changes in different operating environments so that we can react with appropriate strategies that fit the needs of the affected companies;

- as we continue to grow, our operations will become more complex, which increases the difficulty of coordinating, designing, developing and implementing our management systems. Due to our large number of subsidiaries and investments, our successful operation requires a highly effective management system that emphasises accountability, imposes financial discipline and creates value-focused incentives for management; and

- we may not be able to achieve synergies effectively, either within the same business line or across business lines.

Our borrowing levels and significant interest payment obligations could limit the funds available to us for various business purposes.

We have relied on both short-term and long-term borrowings to fund a portion of our capital requirements, and expect to continue to do so in the future. As at 31 March 2009, we had long-term and short-term interest bearing bank borrowings totaling RMB7,553.0 million, representing approximately 29.2% of our total assets as at the same date, and we had net current liabilities of approximately RMB1,588.5 million.

The degree to which we are leveraged could have significant consequences, including:

- requiring a substantial portion of our cash flows from operations to be used for servicing our debt, thereby reducing the cash flow for working capital, capital expenditures or other general corporate uses;

- increasing our exposure to interest rate fluctuations;

- limiting our ability to obtain, and increasing the cost of, additional financing to fund future working capital, capital expenditures or general corporate uses; and

- limiting (to the extent our loan agreements contain such covenants) our ability to pay dividends, sell assets and make intergroup transfers, which may limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate.

We may face substantial financial and operational risks if our interest rates or financial environment change, or if our cash flows and capital resources are insufficient to finance our debt obligations. We may be forced to sell assets, seek additional capital or seek to restructure or refinance our indebtedness, all of which may not be successful. Failure to service or repay our debt could result in the imposition of penalties, additional undertakings or obligations or other consequences, including increases in rates of interest that we pay on our debt, legal actions against us by our creditors and bankruptcy.

We may be unable to obtain financing on favourable terms, or at all, to fund our continuing operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements.

To fund our continuing operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements, we need sufficient internal sources of liquidity or access to additional financing from external sources. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including:

- obtaining the necessary PRC Government approvals to raise financing for projects;
- our future financial condition, operating results and cash flows;
- the condition of the global and domestic financial markets; and
- changes in the monetary policy of the PRC Government with respect to bank interest rates and lending practices and conditions.

In addition, global capital markets and credit markets have been experiencing extreme deterioration and volatility since the second half of 2007. In some cases, the market has exerted downward pressure on the availability of credit. Deterioration, uncertainty or volatility in the capital markets or credit markets may limit our access to capital necessary for operating and expanding our business or cause us to bear an unattractive cost of capital, which could decrease our profitability and significantly reduce our financial flexibility.

In the event our current resources are not sufficient for our needs, we may have to seek additional financing. The availability of future banking facilities is subject to approval by the lenders. If we are unable to obtain financing on favorable terms, or at all, our operations may be materially and adversely affected.

Our business may be affected by fluctuations in interest rates and the general availability of credit.

Changes in interest rates affect our financing costs and, ultimately, our results of operations. We have experienced interest rate increases during the Track Record Period. As we rely on financing to secure general working capital, we are sensitive to the cost of capital in securing these loans. Our interest expense (before interest capitalisation) amounted to RMB172.8 million, RMB316.7 million, RMB473.3 million and RMB112.4 million during the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, respectively.

As at the Latest Practicable Date, the PBOC has lowered the benchmark one-year lending rate to 5.31% and has lowered the lending rates on loans of other maturities. The PBOC has also abolished the upper limit on Renminbi lending rates, which could result in us paying higher interest rates, and permitted banks to offer deposit rates below the PBOC benchmark rate, which could result in us earning lower interest on our cash deposits. Although rates have been lowered, there can be no assurances that this will continue to be the case. If the PBOC raises benchmark lending rates, our cost of borrowing will increase, which would have a material adverse effect on our results of operations.

The availability of credit also affects the affordability of our properties. In March 2005, the PBOC cancelled the preferential mortgage loan rate for individuals and restricted the minimum mortgage loan rate to 0.9 times of the benchmark lending rate. Any tightening of credit or increase in interest rates by the PBOC may materially and adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of our properties and adversely affect our sales and achieved prices.

We may not realise anticipated benefits of any acquisitions, strategic investments or divestments that we undertake.

We have in the past acquired and divested businesses and assets in response to changing strategic goals, and we may continue to do so in the future. Acquisitions and divestitures carry with them numerous risks, including potential difficulties in assimilating operations and personnel from the acquired business, challenges in reallocating resources around the sale of a divested entity, diversion of management's attention from day-to-day tasks and risks associated with entering into new markets where the acquired businesses operate. In making acquisitions or divestitures, we may incur or assume additional debt or other liabilities and be required to amortise expenses and other intangible assets. We cannot assure you that we will be successful in realising all of the anticipated benefits from the acquisitions or divestitures that we have made or may make in future. Failure to realise these benefits may adversely affect our results of operations or financial condition.

In addition, some transactions are subject to approval or filing requirements at different Government levels in certain circumstances. Any delay in securing, or failure to secure, the requisite Government approvals, as well as any adverse change in Government policy, may necessitate significant adjustments to our current or future development plans, which could have a material adverse effect on our revenue, profitability and growth. We cannot assure you that future policies adopted by the PRC Government will not have a material adverse effect on our business or future development.

The PRC Anti-Monopoly Law may restrict our business dealings, force us to divest our shares in certain assets or subject us to liability.

The *PRC Anti-Monopoly Law* (中華人民共和國反壟斷法)(the "**AML**"), which attempts to prevent monopolistic activities and protect fair competition in the PRC, came into effect on 1 August 2008. The AML forbids business entities (including us and all of our subsidiaries and affiliates) from engaging in monopolistic behaviour, entering into monopolistic agreements, abusing a dominant market position and pursuing consolidations which exclude, restrict or potentially inhibit competition. The AML does not prohibit any business entity from expanding its market share to achieve or maintain a dominant market position through fair competition, nor does it set limits on the market share that any one entity can achieve or maintain in the PRC.

Under the AML, an entity that enters into monopolistic agreements or abuses its dominant market position may be subject to penalties, including confiscation of illegal gains and fines ranging from 1% to 10% of its revenue for the preceding year. If an entity pursues an illegal consolidation, it may be forced to terminate the consolidation, divest its shares and assets or businesses within a limited period of time or otherwise unwind the consolidation. The AML further provides that an entity that engages in monopolistic behaviour shall be liable for damages to those who have suffered losses as a result of such monopolistic behaviour.

As the AML has only recently come into effect and has yet to be fully interpreted and implemented by the necessary rules and regulations, its effect on our business is not yet known. However, the following areas of our current operations and business plans may be particularly affected:

- certain of our market positions that may be deemed to be dominant;
- relationships with our affiliates or our Parent, including the various connected transactions we have entered into;
- market distribution agreements (such as our agreement with Taihang Cement, for further details, see *"Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Taihang Cement Distribution Agreement"*); and
- any consolidation we may plan to undertake.

We have been advised by our PRC legal advisor that the entry into the Taihang Cement Distribution Agreement, with a view to addressing the potential competition issue between our Group and Taihang Cement under the securities laws in the PRC, is not a violation of the AML. Separately, in line with the Government's policy to encourage the consolidation of the cement industry, we may in the future expand our cement market share by acquiring small cement producers. Our PRC legal adviser is of the view that any acquisition conducted in accordance with the Government's policy to consolidate the cement industry will not put us in violation of the AML. However, as the AML has not been fully interpreted, we cannot assure you that the relevant authorities will not interpret the law in such a manner or announce specific rules so that the implementation of the AML will affect our business in general or will be in contradiction with the Government's existing policies. If that occurs, we may need to find an alternative solution to address the above competition issue, to reorganise our business operations or to redefine our business plans. Moreover, in the event of non-compliance with the AML, we may be subject to fines and other penalties. In the event of these circumstances, our revenue and shareholder value may be materially and adversely affected.

Our current business goals and plans for growth are ambitious and may not be achieved.

We currently have plans to expand our corporate revenue through acquisitions and internal growth. For example, we plan to use part of the net proceeds from the Global Offering to acquire small-scale cement plants in Beijing, to build modern building materials production lines and to develop economically affordable housing projects. We anticipate that our expansion plans will, among other things, enable us to aggressively increase our sales of cement and modern building materials, including ALC, in the next few years. For further details about our expansion plans, see "*Future Plans and Use of Proceeds*". Our ability to implement these plans and realise these goals is subject to a range of uncertainties, including the identification of suitable acquisition targets, the absence of natural disasters impacting our operations and the receipt of required government and shareholder approvals. If we are unable to implement these plans or we fail to achieve these goals, or if the synergies expected from our enlarged operations are not realised, our investments may not yield the planned benefits, which could have a material adverse effect on our financial performance and shareholder value.

We may not be successful in identifying and acquiring suitable acquisition targets or making strategic investments, which could adversely affect our plans for growth.

We have in the past expanded, and intend to expand in the future, our operations and markets through acquisitions or strategic investments. The identification and completion of such acquisitions or investments are dependent upon various factors, including completion of due diligence, negotiation of definitive agreements and our ability to compete with other entities in acquiring attractive targets. We currently plan to use approximately 32.6% of the net proceeds from the Global Offering to expand our cement business through the acquisition of cement plants in the Beijing market. However, we cannot assure you that we will be able to identify and acquire appropriate acquisition targets on commercially acceptable terms, if at all, or will have sufficient capital to fund such acquisitions or investments. Failure to identify and acquire suitable acquisition targets, or make strategic investments, could have a material adverse effect on our plans for growth.

Our results of operations during the Track Record Period may not be indicative of our future performance due to the significant changes we have made to our group structure.

We were established on 22 December 2005 as a result of asset contribution by our Parent. Immediately before the asset contribution, all of our assets and liabilities were owned by, and those operations were conducted by, our Parent. In connection with the Reorganisation, our Parent transferred to us certain businesses and their related assets and liabilities. Also, during the Track Record Period, certain companies were transferred back to our Parent (such as the 33 Transferred Out Entities). For further details of these changes in our Group structure, see "*History, Reorganisation and Group Structure — History and Development — The Reorganisation*".

The historical financial information in this prospectus may not be indicative of our future financial condition, results of operations and cash flows as a result of these changes in the group structure. The historical financial information should be read in conjunction with "*Appendix I — Accountants' Report*" prepared in respect of the companies involved. As a result of the above, the respective past results of operations may not reflect our future prospects and should not be relied on as an indication of future performance.

Our cement and building materials businesses are dependent on the level of activity in the construction industry.

Demand for our cement and building material products depends on the level of activity in the construction industry in the PRC. The construction industry in any given geographic market is directly affected by the level of residential, commercial and infrastructure construction pending. The construction industry is also sensitive to general economic conditions, including factors such as mortgage and other interest rates, inflation, unemployment, demographic trends, gross domestic product growth and consumer confidence.

The recent downturn in general economic activity is likely to lead to a downturn in the construction industry. As the PRC Government adjusts its monetary and economic policies from time to time depending upon macroeconomic conditions, the demand for construction may be impacted. Because of these and other factors, our results of operations and financial condition could be materially and adversely affected by a downturn in construction activity in the PRC or in any of the regional markets in which we operate.

Demand for certain of our products may be seasonal as a result of changes in the level of construction activities affected by climatic condition.

Demand for our certain products, including cement and modern building materials, is seasonal because climatic conditions affect the level of activity in the construction industry, especially in the geographic area where we operate. The level of construction activities in northern China is generally lower from January to March during the winter and the Lunar New Year holiday period in the PRC.

Adverse climatic conditions, such as cold weather, snow and heavy or sustained rainfall, could affect the level of construction activity and result in a reduction in demand for our cement and building material products. Climatic conditions that are unusually severe or intense, occur at abnormal times (especially during peak construction periods) or last longer than usual in our major geographic markets could have a material adverse effect on our business, financial condition or results of operations.

We may not be able to maintain our historical growth rates or profit margins, and our operating results may fluctuate significantly. If our results fall below market expectations, the trading price of our H Shares may decline significantly.

We have experienced growth in our revenue and profit during the Track Record Period. Our revenue increased from RMB6,612.3 million in 2006 to RMB8,550.7 million in 2008, representing a CAGR of approximately 13.7%, and our revenue increased from RMB2,149.8 million for the three months ended 31 March 2008 to RMB2,164.2 million for the three months ended 31 March 2009. Our profit for the year increased from RMB536.8 million in 2006 to RMB1,386.0 million in 2008, representing a CAGR of approximately 60.7%. We cannot assure you that we will be able to maintain our revenue, profit growth or profit margins at historical levels, or at all.

Moreover, our operating results may fluctuate significantly as a result of numerous factors, many of which are outside our control. These conditions could make our operating results difficult to predict. Historically, our results have been affected by non-recurring events, such as the disposal of land in 2007 to an associate company by our property development segment, which caused a significant increase in that segment's revenue during that period. Fluctuations in our operating results may also result in substantial volatility in the trading price of our H Shares. We operate in a rapidly changing and evolving industry and, as a result, you should not rely on our historical operating results as an indication of our future performance.

We will continue to be controlled by our Controlling Shareholder, whose interests may differ from those of our other Shareholders.

Immediately following the Global Offering, our Controlling Shareholder will own approximately 47.28% of our Shares, or approximately 45.27% if the Over-allotment Option is fully exercised. Our Controlling Shareholder, through its voting power at Shareholders' meetings and its delegates on our Board, has a significant influence over our management and corporate policies, including our development strategies, capital expenditure and distribution plans. In addition, our Controlling Shareholder may cause us to implement corporate transactions that might not be in, or may conflict with, our other Shareholders' best interests. In particular, our Controlling Shareholder is able to:

- subject to applicable laws and regulations, cause our Board to act in a manner that may not be in the best interests of our other Shareholders;

- subject to applicable laws and regulations and the provisions of our Articles of Association, cause us to adopt amendments to our Articles of Association, including amendments that may not be in the best interests of our other Shareholders; and

- determine the outcome of certain corporate actions and, subject to the applicable requirements of the Stock Exchange, cause us to effect corporate transactions without the approval of our other Shareholders.

Thus, we cannot assure you that our Controlling Shareholder will vote on Shareholders' resolutions in a way that will benefit our other Shareholders. If our Controlling Shareholder decides to exercise its voting powers in ways that are not in the best interests of our other Shareholders, the value of our other Shareholders' investments may be diminished.

Furthermore, our Controlling Shareholder may decide to sell a substantial number of its Shares, thereby negatively affecting their market price and our ability to raise equity capital in the future. The Shares held by our Controlling Shareholder are subject to certain transfer restrictions for a period of up to 12 months after the date on which trading of our H Shares commences, details of which are set out in "*Underwriting — Underwriting Arrangements and Expenses — Undertakings*". While we are not aware of any intention on the part of our Controlling Shareholder to dispose of substantial numbers of its Shares upon the expiration of those restrictions, we cannot assure you that it will continue to hold any or all of its Shares. In such an event, the value of our Shares to our other Shareholders may be significantly reduced.

Rising raw material prices have affected and may continue to affect our financial performance.

Due in part to robust demands in the global market, the cost of raw materials, including petrol, steel and other key materials, has risen substantially in recent years. The NDRC has recently raised the mandated average benchmark retail price for petrol from RMB7,330 to RMB7,930 per tonne, and for diesel from RMB6,660 to RMB7,260 per tonne, on 29 June 2009. This, along with other price increases, may increase our overall operating costs.

We may not always be able to pass on our cost increase to our customers for various reasons, some of which are beyond our control. In addition, where there are restrictions under existing contracts or Government regulations, we may not be able to adjust for these inflationary concerns. Increased procurement costs may require our customers to scale back their purchases of our products. If our cost of raw materials were to increase without us being able to be compensated for such an increase, our profitability may be materially and adversely affected.

Intense competition may materially and adversely affect our business and financial position.

In recent years, an increasing number of building materials manufacturers and property developers have begun undertaking investment projects in the PRC. Our lines of business have lower entry barriers than many other areas of business. In addition, with the ascension of China to the WTO, trade barriers on goods and commodities have been reduced. As a result, new investors can enter into our markets and compete with us relatively quickly. Our major competitors currently include large international, national and regional companies. These competitors may have better track records and greater financial, marketing and land resources, better name recognition and greater economies of scale than we do.

Intense competition among building materials manufacturers and property developers in the PRC for land, raw materials and skilled management and labour resources has in the past and may in the future result in an increase in costs for raw materials, a decrease in sale prices and a slow down in the rate at which new investments will be approved or reviewed by the relevant PRC Government authorities. Alternatively, an oversupply of building materials and properties may also depress the selling prices of our products. If we cannot respond to changes in market conditions rapidly, or if we cannot respond as swiftly or effectively as our competitors, our business, results of operations and financial condition could be materially and adversely affected.

We may be involved in legal and other proceedings arising out of our operations and may face significant liabilities as a result.

From time to time, we are involved in disputes with various parties, including joint venture and property-development partners, management companies, purchasers, suppliers and contractors, and these disputes may lead to legal or other proceedings. For further details on these matters, see *"Business — Legal and Regulatory Matters"*. The aggregate amount of material outstanding claims against us as at the Latest Practicable Date was approximately RMB31.8 million. In addition, we may incur contingent liabilities during our operations from time to time. During the Track Record Period, we had contingent liabilities in relation to guarantees given to banks, the liabilities transferred by us to our Parent and the defects in the titles of or leases for our properties. For further details, see "*Financial Information — Indebtedness — Contingent liabilities and commitments*". We cannot assure you the outcome of the proceedings or that we will not be involved in a greater number of proceedings or that proceedings in which we are involved will not be more significant. Neither can we assure you that we will not incur more contingent liabilities or the contingent liabilities will not become absolute liabilities. Should any of these occurs, our financial condition, results of operations or cash flows may be materially and adversely affected.

In addition, from time to time, we have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable decrees that may result in pecuniary liabilities and cause delays to our property developments. Furthermore, if any PRC Government authority decides that we (or any of our suppliers or contractors) are not in compliance with PRC regulations, it may shut down or delay our operations, or refuse to grant or renew construction approvals or licences. Any such action by a PRC Government authority would have a material adverse effect on our business.

Our products or services may fail to perform as expected or contain defects, and these failures or defects, and any negative publicity resulting from them, could result in reduced sales and could subject us to claims from purchasers or users of our products.

We sell products with a variety of specifications and formulations. Our products must conform to tests and contractual specifications and meet certain requirements imposed by the PRC Government. If we fail to meet or conform to these requirements and specifications or if any of our products fail to perform as expected or contain defects, such failure or defects, and any negative publicity resulting therefrom, could result in total loss of sales of these or other products and subject us to claims from purchasers or users of these products, either of which could have a material adverse effect on our business, financial condition or results of operations.

We do not own the "金隅" name, the "BBMG" name and the trademarks related to these names, and the non-exclusive licence arrangement with our Parent for these trademarks may be revoked or invalidated or may not be renewed and the value of the licence may decline.

We do not own "金隅", "BBMG" and related trademarks. Instead, we have entered into a non-exclusive licence with our Parent, whereby we can use these trademarks. Pursuant to the trademarks licence agreement, the trademarks will be licensed at a nominal consideration of RMB1 per year for a term commencing on 8 July 2009 and expiring on 31 December 2011. During the term of the agreement, the Parent Group is allowed to use the licenced trademarks in businesses that do not compete with us without our prior written consent. We are entitled to renew the agreement upon written notice to our Parent within three months before the expiry. The renewed terms (including the licensing fee) are to be further negotiated and agreed by the parties, and the parties agree to comply with the requirements of the Listing Rules on connected transactions with respect to the new terms. For further details on this licence arrangement, see "*Connected Transactions — Exempted Continuing Connected Transactions — Trademark Licence Agreement*" and "*Appendix VIII — Statutory and General Information — Further Information about the Business — Intellectual property — Trademarks*".

We have invested a significant amount of time and assets into the development of these trademarks, and will continue to invest as we attempt to build brand strength. If these licences are revoked, invalidated or not renewed or if the commercial value of the trademarks decline in any significant way, we may lose some portion of our goodwill and ability to operate in a normal fashion, which could materially and adversely affect our business, results of operation and shareholder value.

We rely on our trade names, licence marks and trademarks, and any infringement or inappropriate use of them may be detrimental to our reputation and profitability.

We believe that our trade names, licence marks and trademarks are important to our business. As at the Latest Practicable Date, we had registered 94 trademarks and were licensed to use 44 trademarks, all of which are registered in the PRC or Hong Kong.

A real estate agency named Wanjia is using the trade name "金隅" (which is licensed to us by our Parent) without authorisation from us or our Parent. Wanjia is engaged in the real estate brokerage business in Beijing. The use of the trade name "金隅" by Wanjia may cause confusion to the public regarding its relation to us. Consequently, any inappropriate or unlawful conduct and operations that Wanjia may engage in, or any disputes that Wanjia may have with other parties, may directly or indirectly harm our reputation. For further details on Wanjia's use of the trade name "金隅," see "*Business — Intellectual Property Rights*".

Our trade names, licence marks and trademarks may be subject to other infringements in the future. Any unauthorised or inappropriate use of our trade names, licence marks or trademarks could harm our market image and reputation, which may materially and adversely affect our financial condition and results of operations. Any litigation or dispute regarding our trade names, licence marks or trademarks could result in substantial costs and diversion of resources and could materially and adversely affect our business and results of operation.

Our proprietary and licensed technology may not be adequately protected, and our right to use certain technologies could be challenged.

Our success depends, in part, on our proprietary technology. Many of our technological patents (such as our invention for processing waste during cement manufacturing) and design patents (such as those for our furniture companies) improve our efficiency, enhance our marketability or lower our costs. As such, we rely on them to some extent to help us maintain our competitive edge. For further details on proprietary and licensed technology owned by our Group, see "*Appendix VIII — Statutory and General Information — Further Information about the Business — Intellectual property — Patents*".

For these purposes, we rely on a combination of patents registered in the PRC. We cannot guarantee that we will be able to protect our rights or prevent third parties from using or copying our technology or designs. Any significant infringement of our technology or designs, or the counterfeiting of any of our products on a significant scale, could result in a loss of market share or reputation and materially and adversely affect our business.

We also cannot guarantee that a third party will not successfully challenge our right to use certain technology and designs. The outcome of any legal proceedings pursued by us to defend our rights to our proprietary and licensed technology, and to use other technology we employ in the manufacture of our products (including those in the public domain), would be uncertain. Any such litigation could be costly and consume vital resources, which could have a negative impact on our financial condition and results of operations.

Our tax benefits, including preferential corporate income tax rates and Government grants for high-tech manufacturing methods and environmentally friendly products, may be reduced or eliminated, which may adversely affect our financial condition and results of operations.

We try to align our business strategies with the PRC Government's regulatory policies on advanced technology development and reduction of environmental pollution. In doing so, we may be eligible to receive certain incentives and may enjoy preferential corporate income tax rate. For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, our effective corporate income tax rates were 37.8%, 17.2%, 23.1% and 27.9%, respectively. Over the same periods, the Government grants, including VAT refunds and recognised deferred income, were RMB112.8 million, RMB145.7 million, RMB210.3 million and RMB39.5 million, respectively. Fluctuations in our effective tax rate and details of these Government grants are discussed in greater detail in "*Financial Information — Taxation — PRC corporate income tax*". We cannot assure you that such treatments or grants will not be abated or revoked, or that our subsidiaries or associates, upon the expiration of the current preferential treatments or grant periods, will continue to be entitled to the same or other tax incentives or Government grants. If the PRC Government makes such changes, our revenue may be decreased and shareholder value may be diminished.

Dividends paid in the past may not be indicative of the amounts of future dividend payments or our future dividend policy.

We declared RMB54.3 million in dividends for the year ended 31 December 2006, of which approximately RMB48.1 million was paid to our Shareholders in the year ended 31 December 2008. We have declared dividends of RMB112.7 million and RMB112.0 million for the years ended 31 December 2007 and 2008, as approved by our Shareholders in July 2008 and April 2009, respectively. These dividend payments were financed by our internal reserves. We cannot assure you that we will pay dividends of similar amounts or at similar rates in the future. Therefore, past payments should neither be used as reference for our Company's dividend policy nor as a basis of forecasting the future payments.

Potential liability for non-compliance with environmental laws and regulations could result in substantial costs.

We are subject to a variety of laws and regulations concerning the protection of the environment. The particular environmental laws and regulations that apply to any given project or site vary according to the location, the environmental factors resulting from operations and the present and former uses of the site (as well as adjoining properties). As the PRC Government increases its focus on the environment, our projects may be more strictly reviewed and inspected, and approval processes for new or altered projects may be prolonged. Compliance with environmental laws and conditions may result in delays, cause us to incur substantial compliance and other costs and prohibit or severely restrict our activity in environmentally-sensitive regions or areas.

We cannot assure you that future environmental investigations will not reveal material environmental liabilities. Also, we cannot assure you that the PRC Government will not change existing laws and regulations or impose additional or stricter laws or regulations, compliance with which may cause us to incur a significant cost. In addition, we cannot assure you that we will be able to comply with all such laws and regulations in the future. If we are unable to effectively and promptly comply with these changes, we may incur significant costs and may be subject to fines or be forced to suspend or shut down certain operations, which could have a material and adverse effect on our operations.

Our manufacturing operations may be disrupted for reasons beyond our control, which could adversely affect our business, financial condition or results of operations.

Our manufacturing operations could be disrupted for reasons beyond our control. The cause of disruptions could include extreme weather conditions, fire, natural catastrophes, raw material supply disruptions, equipment and system failures, workforce shortages, workforce actions or environmental issues. Any significant disruption to our operations could adversely affect our ability to make and sell products or deliver services, either of which could have a material adverse effect on our business, financial condition and results of operations.

In addition, due to the nature of our business, and despite compliance with requisite safety requirements and standards, our building material plant operations are subject to operating risks, including the storage and transportation of raw materials and products and the disposal of waste. These hazards include storage tank leaks and ruptures, explosions, discharges and releases of hazardous substances, and malfunctions due to manual handling and exposure to dust. In addition, equipment, particularly older equipment, may be prone to general malfunctioning. These operating risks could cause personal injury, property and environmental damage and could result in a civil liability, an imposition of administrative or criminal penalties or a loss of revenue for us. The occurrence of any of these events could have a material adverse effect on the productivity and profitability of a particular manufacturing facility and, more generally, on our business, financial condition or results of operations.

We do not have insurance to cover all potential losses and claims.

Other than the types of insurance that are mandatory under the PRC law, we do not normally carry insurance to cover potential losses, damages or claims in respect of our properties, including properties developed for sale prior to their delivery to customers, or those relating to our operations. We also do not carry any business interruption insurance, key man life insurance, insurance against tortious acts, or third party liability insurance to cover claims or liabilities in respect of personal injury or environmental damage arising from accidents on our properties or operations. With regard to property development business, construction companies bear the primary civil liability under the PRC Law for personal injuries arising out of construction work. However, the owners of properties under construction may also be liable for the injuries, as a supplement to the liability of the construction company, if the latter is unable to fully compensate the injured. In addition, there are certain types of losses that are normally uninsurable in China, such as losses due to earthquakes. While we believe that our practice with regard to insurance coverage is in line with the general practice in the PRC, there may be instances when we will have to bear the cost of losses, damage and liabilities from our own resources because of our lack of insurance coverage, which may in turn materially and adversely affect our financial condition and results of operations.

Our internal control systems and procedures may have deficiencies and weaknesses such that we may not be able to maintain effective internal control.

Our internal control systems and procedures are essential to the integrity of our business, results of operations and reputation. We recently engaged an internal control consulting firm to review our key business and management processes at our principal subsidiaries and to assist us in improving our internal control processes, related organisational structures and systems. Their review identified certain shortcomings in our systems and procedures and, as a result, we have taken steps to improve our systems and procedures. However, given the scale of our operations, we cannot assure you that these improvements will be effective, or that deficiencies or weaknesses in our internal control processes will not occur in the future. If we fail to maintain effective internal control over our financial reporting, our business, results of operations and reputation may be materially and adversely affected.

Any restriction on the ability of our subsidiaries to pay dividends to us would adversely affect our earnings and cash flows.

We conduct substantially all of our operations through our subsidiaries. Most of our assets are held by, and substantially all of our earnings and cash flows are attributable to, our subsidiaries. The ability of our subsidiaries to pay dividends depends on business considerations and regulatory restrictions, including their respective cash flows, articles of association, shareholders' agreements to which they are subject and applicable provisions of the PRC Company Law. If the distributable dividends from our subsidiaries decline, our earnings and cash flows will be materially and adversely affected.

These restrictions and requirements could reduce the amount of distributions that we receive from our subsidiaries, which would restrict our ability to fund our operations, generate income and pay dividends. We cannot assure you that our subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to enable us to meet our financial obligations or declare dividends. If the distributable dividends from our subsidiaries decline, our revenue would be materially and adversely affected.

We do not have proper title to some of the properties we use and occupy for our operations, and our rights to some of our properties may be restricted.

As at the Latest Practicable Date, we owned, held or occupied 116 parcels of land with an aggregate site area of approximately 6,175,090.0 sq.m. for our business operations other than property development. In addition, as at the same date, we leased three parcels of land from our Parent with an aggregate site area of approximately 743,064.5 sq.m. for the same operations. For these operations, we also owned, held or occupied 924 buildings with an actual aggregate GFA of approximately 1,648,692.8 sq.m. and leased 14 buildings or units with an aggregate actual GFA of approximately 20,202.1 sq.m. Among these land and buildings, we had proper title to 50 parcels of land with an aggregate site area of approximately 2,602,641.5 sq.m. and 212 buildings or units with an aggregate actual GFA of approximately 885,603.6 sq.m. as at the Latest Practicable Date, and enjoyed full entitlement to use, occupy, lease, transfer, pledge or otherwise dispose of these parcels of land and buildings or units. However, we did not have proper title to the remaining land and buildings, and our rights to lease, transfer, pledge or otherwise dispose of these land and buildings were restricted in various ways.

In respect of the land described above, as at the Latest Practicable Date, we did not have proper land use rights certificates to continue to use and occupy nine parcels of land with an aggregate site area of approximately 81,689.2 sq.m., representing approximately 1.3% of the aggregate site area of the 116 parcels of land. Although we are in the process of obtaining some of these certificates where possible, we cannot assure you that we will receive them in a timely fashion, or at all, which could have an adverse affect on our operations. In addition, the leases in relation to the three parcels of land we leased from our Parent had not been registered with relevant PRC authorities, and thus may be successfully challenged by *bona fide* third parties under relevant PRC laws and regulations. We are also obligated to pay the outstanding land premium in the aggregate amount of RMB324.4 million for 43 parcels of land for which we have already obtained land use rights certificates. If we fail to pay the outstanding land premium within one month after Listing as required by relevant PRC authorities, we may not be able to continue to use and occupy the relevant land.

In respect of the buildings described above, we did not have proper building ownership certificates to continue to use and occupy seven buildings with an aggregate actual GFA of approximately 26,821.4 sq.m., representing approximately 1.6% of the aggregate GFA of the 924 buildings we owned, held or occupied as at the Latest Practicable Date. In addition, none of the lease agreements for the 14 buildings or units we leased as at the Latest Practicable Date was registered with relevant PRC authorities and thus may be successfully challenged by *bona fide* third parties under relevant PRC laws and regulations. With respect to these leased buildings, five buildings with an aggregate actual GFA of approximately 1,158 sq.m. did not have appropriate title documents as at the same date, and thus our use and occupation of such leased buildings or units was not protected under relevant PRC laws and regulations.

For further details on our land and buildings, see "*Business — Land and Buildings*" and "*Appendix IV — Property Valuation*".

We cannot guarantee that we will be able to rectify all of the defects in our ownership or usage rights in the land and buildings that we currently own, occupy or lease. Our rights as owner, lessee or occupier of these properties may be materially and adversely affected as a result of these defects and we may be subject to penalties, lawsuits or other actions taken against us. As a result, our

Company's value may be diminished, and we may be forced to relocate our relevant business operations and incur losses and relocation costs associated therewith.

Acts of God, acts of war, epidemics, including the recent outbreak of swine influenza, and other disasters could affect our business.

Our business is subject to general and social conditions. Natural disasters, epidemics, acts of God and other disasters that are beyond our control may materially and adversely affect the economy, infrastructure and livelihoods of the people of the PRC. Some cities in the PRC are under the threat of flood, earthquake, sandstorm or drought. Our business, financial condition and operating results may be materially and adversely affected if natural disasters occur.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as their living and consumption patterns. The occurrence of an epidemic is beyond our control, and there is no assurance that another outbreak of severe acute respiratory syndrome or avian influenza will not happen. Recently, there has been an outbreak of A/H1N1 swine influenza, primarily in Mexico, the United States and Canada. According to the World Heath Organization, up to the end of April 2009, there were 11 countries that had officially reported cases of swine influenza infection. Currently, both Hong Kong and China have reported laboratory-confirmed human cases. The World Heath Organization has been raising the level of pandemic alert to indicate a significant increase in risk of this pandemic. There is no assurance that an outbreak of this disease will not become an epidemic or pandemic in Asia or China. Any epidemic or pandemic occurring in areas in which we operate, or even in areas in which we do not operate, may materially and adversely affect our business, financial condition and operating results.

Acts of war and terrorism may cause damage or disruption to us or our employees, facilities, distribution channels (including the distribution channels operated by third parties), markets, suppliers or customers, any of which may materially and adversely impact our revenue, cost of sales, financial condition and operating results or our H Share price. Potential war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict.

RISKS RELATING TO OUR CEMENT BUSINESS

Changes in Government policies could have an adverse effect on our cement business.

The results of our cement operations may fluctuate due to a number of factors, including the effect of PRC Government policies. We serve various industries and customers, and the level of their demand for our cement products and services may be affected by changes in PRC Government policies related to the industries in which we and our customers operate.

While the current policies of the PRC Government in respect of the domestic cement industry are generally market oriented, the PRC Government still closely monitors the development of the cement industry and may, from time to time, regulate the industry by issuing and implementing new policies. Since April 2004, the PRC Government has introduced a series of macro-economic control measures to slow the growth of the PRC economy. Future Government plans to control the investment into the cement industry may have a material adverse effect on our business.

In addition, the NDRC has issued two releases on 27 February and 28 December in 2007, respectively, detailing attempts to control investment in the cement industry. These releases and other public announcements seem to indicate a desire by the PRC Government to consolidate the cement industry in China through fostering the growth of several major ‘champion’ companies. For further details on this, see “*Industry Overview — Segment Analysis — Cement and concrete market — Industry consolidation*”. At this time, these policies have been targeted at small-scale cement manufacturers and out-dated manufacturing facilities. We cannot, however, be certain that future plans of the PRC Government to control the growth of investment in the cement industry will not affect or harm our business. Some of our competitors, especially those large-scale cement manufacturers that are also favoured by these Government policies, may also enjoy the same advantages and move towards industry consolidation by increasing their market shares at our expense. This could result in increasing the competition with these large-scale operators, limiting our growth, our market access or our share in the markets.

We may be liable for mining activities undertaken before we obtained the relevant mining rights certificates.

Dingxin Cement, our subsidiary, operates three limestone mines. Dingxin Cement was established in 2002 when Shijiazhuang Jizhong Cement Co., Ltd. (石家莊冀中水泥有限公司) and Dingxin Cement Company Limited (鹿泉鼎鑫水泥有限公司) merged, and the mining rights for two of the three mines above were injected as part of their contribution. The two companies ceased to exist after the merger, but Dingxin Cement did not immediately apply for re-registration of the mining rights in its name. Dingxin Cement became our subsidiary in 2007.

Dingxin Cement became the registered owner of the two mines in 2008 and 2009, respectively. Under relevant PRC law, if we operate a mine without mining right, the limestone extracted from the mine and our gain from the illegal extraction may be confiscated and we may be required to suspend our mining operation and pay a maximum penalty in an amount equal to 50% of our gain from the illegal extraction. We extracted approximately 3.4 million and 3.3 million tonnes of limestone from these two mines in 2007 and 2008, respectively. As the price of limestone varies from time to time, our Directors’ estimate of the potential maximum penalties are approximately RMB91.4 million.

Our cement-related mining activities are extensively regulated by the PRC Government and changes in policy or regulations may cause us to incur significant compliance costs.

Our cement-related mining activities are subject to extensive national, provincial and local governmental regulations, policies and controls, including mining safety regulations, environmental protection policies and regulations in respect of mining rights. The liabilities, costs, obligations and requirements associated with these laws and regulations may be significant and may delay the commencement of, or cause interruptions to, our mining production. In addition, we cannot assure you that the relevant Government agencies will not change these laws or regulations or impose additional or more stringent laws or regulations in the future. Failure to comply with the relevant laws and regulations applicable to our mining operations or failure to procure the necessary mining rights for our future projects on a timely basis, or at all, could result in the suspension of some of our cement business operations, and thus adversely and materially affect our business and results of operations.

We may be liable for potential environmental liabilities of Dingxin Cement.

During the Track Record Period, Dingxin Cement operated a production line prior to completing an environmental impact appraisal review and obtaining the required environmental protection approvals. As a result, during that time, Dingxin Cement was in violation of the relevant PRC environmental laws and regulations. Prior to our acquisition of Dingxin Cement, the production line was transferred to Dingxin Cement from a local government bureau as part of an asset contribution. At the time of transfer, the production line had not received all requisite environmental approvals. This production line has a capacity of 2,000 tonnes of clinker per day.

On 30 June 2008, we ceased the operation of and transferred this production line to Beijing Pinggu. As at the Latest Practicable Date, Dingxin Cement has not been subject to any penalty in relation to this production line. According to relevant PRC laws and regulations, however, relevant environment protection authorities have the right to impose administrative penalties, including fines or orders to suspend production on Dingxin Cement for the violation within two years commencing from the date when the production line ceased to operate. According to PRC environmental laws and regulations, we could receive a maximum administrative penalty of RMB1.0 million. If we are subject to such penalty, our results of operations and financial condition may be materially and adversely affected. After all the relevant project and environmental assessment approvals had been received, we entered into an agreement with Beijing Pinggu in June 2009 for the repurchase of this production line. For further details, see "*Business — Cement Segment — Production capacity and volume*".

Our operations rely on a continuous power supply and the ready availability of utilities, and any shortages, interruptions or increases in the cost of energy or fuel could disrupt our operations and increase our costs.

The manufacture of our products, especially cement, is dependent on a continuous and uninterrupted supply of coal, electric power and water, as well as pollutant treatment facilities. The price of coal has significantly increased during the Track Record Period. Any increase or fluctuation in energy or fuel costs has had, and could in the future have, a material adverse effect on our business, financial condition or results of operations.

In addition, any shortage, interruption or discharge curtailment could significantly disrupt our operations and increase our costs. Our insurance coverage does not extend to damage resulting from interruption of our power supply. Any interruption in our operations could damage our reputation, harm our relationship with our customers and result in revenue loss, any of which could have a material adverse effect on our business, financial condition or results of operations.

Xinbeishui operated a power plant without a valid licence from the time of its acquisition at the end of 2006 until 31 December 2008 and may consequently be subject to a fine.

Our cement subsidiary Xinbeishui operated a power plant without obtaining a valid licence from the time when the plant was acquired from Beijing Cement Plant at the end of 2006 until an approval was received on 31 December 2008. We commenced operation of the plant before we obtained the requisite power generation licence, which was in violation of the relevant PRC law.

According to our PRC legal advisers, we may be subject to penalties or administrative sanctions for having generated power without a licence during that period. Proceeds from our operation of the power plant during that period may be forfeited, or a fine of not more than five times the amount of illegal proceeds, if any, may be imposed. If a significant fine is imposed, our results of operations may be materially and adversely affected.

RISKS RELATING TO OUR MODERN BUILDING MATERIALS BUSINESS

We are dependent on our ability to develop new products that are acceptable to the market.
As a modern building materials manufacturer, we believe that we are dependent on our ability to develop new products that are accepted by the market. The market for these products is subject to changes brought on by the market, scientific advances and personal preferences. If we fail to adapt to these changes we could lose our competitive advantage *vis-a-vis* other market participants. If we lose this competitive advantage, we could lose market share, which would result in diminished revenue and lower shareholder value.

RISKS RELATING TO OUR PROPERTY INVESTMENT AND MANAGEMENT BUSINESS

Our profitability may fluctuate substantially due to fair value gains or losses on our investment properties, because a significant part of our net profit during the Track Record Period was, and is expected to continue to be, attributable to fair value gains on our investment properties, and the fair value of our investment properties is likely to fluctuate significantly from time to time in the future.
We are required to reassess the fair value of our completed investment properties at every balance sheet date for which we issue financial statements. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included on our income statements during the period in which they arise. Savills revalued our investment properties as at 31 December 2006, 2007 and 2008 and 31 March 2009, respectively, on an open-market, existing-use basis that reflected market conditions at those dates. The valuations are conducted by reference to the comparable market transactions as available in the market and where appropriate, on the basis of capitalisation of net incomes with due allowance for reversionary income potential of the properties. Based on such valuations, we recognised the aggregate fair market value of our investment properties on our consolidated statements of financial position, recognised fair value gains on investment properties on our consolidated income statements and recognised the relevant deferred tax under the "Tax" line item on our consolidated income statements.

For the years ended 31 December 2006, 2007 and 2008, the fair value gains on our investment properties were RMB429.5 million, RMB389.8 million and RMB910.9 million, respectively, representing 48.2%, 45.4% and 47.8%, respectively, of our profit before tax. During the three months ended 31 March 2009, we recorded a fair value loss of RMB26.4 million with respect of our investment properties. The fluctuations in the fair market value of our investment properties in the Track Record Period were primarily due to the addition of new investment properties as well as the overall appreciation and, particularly at the end of 2008, depreciation of properties in Beijing. In addition, upward revaluation adjustments of our investment properties reflect unrealised capital gains relating to our investment properties at the relevant balance sheet dates and do not generate any cash inflow to us until such investment properties have been disposed of at the revalued amount. The amount of revaluation adjustment has been, and may continue to be, significantly affected by prevailing property market conditions and may be subject to market fluctuations. Consequently, we cannot assure you that changes in the fair value of our investment properties will give rise to the previous levels of percentage contribution to our profits or will not decrease in the future. In particular, the fair value of our investment properties could remain stable or decrease in the event that the market for comparable properties in the PRC, and particularly Beijing, experiences a downturn as a result of general economic condition or PRC Government policies, or otherwise. Any such decrease in the fair value of our investment properties would have a material adverse effect on our profitability.

An oversupply of available office space in the Beijing market could adversely affect our income from our investments.

The Beijing property market has seen a marked increase in the number of office properties available for letting. If the current growth in marketable property outstrips demand, the average rental prices for office space could be reduced. In such a case, we may not be able to keep our current tenants if they choose to move to lower priced locations or may be forced to lower our letting rate in order to keep up with market trends. If the above were to occur, our ability to sustain our current level of revenue could be materially affected.

The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to adverse changes in the performance of our properties.

Investment properties in general are relatively illiquid, compared to other types of investments such as securities, and our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors, such as general economic conditions, the availability of mortgage financing, interest rates and other factors (including supply and demand) that are beyond our control. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the sale. Should we decide to sell a property subject to a management agreement, we may have to obtain consent from our hotel management partners.

In addition, investment properties may not be readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand or other factors. The conversion of investment properties to alternative uses would generally require substantial capital expenditures. In addition, we may be required to expend funds to maintain properties, to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have sufficient funds available for maintenance, to correct defects or to make improvements. These factors, and any others that would impede our ability to respond to adverse changes in the performance of our investment properties, could materially and adversely affect our ability to retain tenants and to compete against our competitors and therefore materially and adversely affect our business, financial condition and results of operations.

The land occupied by BBMG Landao Building and BBMG Fengshan Resort may be reclaimed by the Government, as our current use of the land is inconsistent with the authorised use.

Although we have entered into an agreement on 25 February 2009 to transfer to our Parent the land occupied by the BBMG Landao Building and although our Parent has, from 29 June 2009, assumed all the rights and obligations related to the land, we still own the legal title to that land as the land use rights certificate has not yet been revised to reflect the name of our Parent. The land is currently used for commercial purpose, which is inconsistent with the authorised use stated on the relevant land use rights certificate. Separately, we lease from our Parent the land on which Fengshan Resort is located. The relevant land, however, is authorised to our Parent for industrial use according to the relevant land use rights certificate. For further details of our BBMG Fengshan Resort and the relevant properties, see "*Business — Property Investment and Management Segment — Resort and hotel properties*" and the property numbered 95 in "*Appendix IV — Property Valuation*".

As advised by our PRC legal adviser, the current uses of the above land are not in compliance with relevant PRC laws and regulations. As a result, the relevant PRC authorities may require us to cease the current uses of the land and may reclaim the land from us or our Parent, respectively. At the same time, the authorities may impose on the holders of the land use rights certificates a fine of RMB10 to RMB30 per sq.m. Alternatively, we and our Parent may be required to pay additional land premium and apply for changes in the uses stated on the land use rights certificates, so that the current uses can be consistent with the authorised uses. If any of the above occurs, our business, financial condition and results of operation may be materially and adversely affected.

Given that property valuation is inherently uncertain, the appraised value of our properties may be different from the actual realisable value.

The appraised value of our properties as contained in the Property Valuation Report prepared by Savills, an independent valuer, is based on multiple assumptions that are inherently subjective and uncertain due to the individual nature of each property. These include assumptions that:

- we will complete development projects on time;
- we have obtained or will obtain on a timely basis all approvals from regulators necessary for the development of the projects, unless otherwise indicated in "*Appendix IV — Property Valuation*"; and
- unless otherwise noted in "*Appendix IV — Property Valuation*", we have paid all the land premiums and demolition and resettlement costs and obtained all land use rights certificates and transferable land use rights without any payment obligation of additional land premium and demolition and resettlement costs.

These and other assumptions may not prove to be accurate. Incorrect assumptions or flawed assessments underlying the Property Valuation Report could have a material adverse effect on our financial results. There is no assurance that the valuations of our properties will be reflected in any actual transaction prices, even where any such transactions occur shortly after the relevant valuation date. For further details in relation to the assumptions made by Savills, see "*Appendix IV — Property Valuation*".

In addition, the appraised values of properties not wholly owned by us are allocated to us according to our pro rata ownership in the relevant project companies. These valuations are not a forecast of the actual realisable value of the properties. Unforeseen changes in a particular property development or in national or local economic conditions, for example, could affect the actual realisable value of our properties.

RISKS RELATING TO OUR PROPERTY DEVELOPMENT BUSINESS

We face intense competition from other real estate developers.

In recent years, a large number of property developers have begun undertaking property development and investment projects in Beijing and elsewhere in the PRC. These include overseas property developers, including a number of leading Hong Kong property developers. In the past, the PRC Government has introduced various measures in order to limit the growth of the property development sector. For further details on some of these policies, see "*— Risks Relating to Our General Operations — The restrictive measures adopted from time to time by the PRC Government to curtail the overheating of, and foreign investment in, the PRC property market could slow the construction industry's rate of growth or cause the property market to decline*". These policies have further increased competition for land among real estate developers. For further details in relation to our existing and potential competitors, see "*Industry Overview — Segment Analysis — Property development market*".

Competition among property developers may result in increased costs for the acquisition of land for development, increased costs for raw materials, oversupply of properties, a decrease in property prices in certain parts of the PRC or an inability to sell such properties, a slow down in the rate at which new property developments will be approved or reviewed by the relevant Government authorities and increased administrative costs for hiring or retaining qualified personnel, any of which may adversely affect our business and financial position. In addition, recent market downturns in the PRC may further suppress property prices. If we cannot respond to changes in market conditions in Beijing or other markets as swiftly and effectively as our competitors, our business and financial position will be materially and adversely affected.

The real estate industry in the PRC is still at an early stage, and the property market and related infrastructure and mechanisms have not been fully developed.

Private ownership of real property in the PRC is still relatively new. It is extremely difficult to predict how much and when demand will develop, as many social, political, economic, legal and other factors beyond our control may affect the development of the market. The level of uncertainty is increased by the limited availability of accurate financial and market information.

In addition, the PRC property market is volatile and may experience undersupply or oversupply and property price fluctuations. The PRC Government frequently adjusts monetary and other economic policies to prevent and curtail the overheating of the PRC and local economies, and such economic adjustments may affect the property market in the PRC. The PRC Government, from time to time, makes policy adjustments and adopts new regulatory measures in a direct effort to control the development of the property market in the PRC. In the last few years, the PRC Government has taken a variety of measures to discourage speculation in the property market. Such policies may lead to further changes in market conditions, including price instability and imbalance of supply and demand in respect of properties, which may materially and adversely affect our business, financial condition and results of operations. We cannot assure you that there will not be overdevelopment in the property sector in the PRC in the future. Any future overdevelopment in the property sector in the PRC may result in an oversupply of properties and a decrease in property prices, as well as an undersupply of available sites for future development and an increase in the cost of acquiring land in our markets, which could adversely affect our business, financial condition and results of operations. Changes in the property markets are difficult to predict, and the long lead times it takes to develop projects from the planning through construction to completion means that we may not be able to respond to fluctuations in the market quickly enough to protect us from losses.

We may not always be able to obtain land reserves that are suitable for development.

We derive revenue from the sale of properties that we develop. This revenue is not of a recurring nature. We believe that replenishing and increasing land reserves that are suitable for development is critical to sustaining our business growth. There can be no assurance that we will be able to identify and acquire attractive parcels of land in the future.

In addition, the supply of substantially all land reserves in China is controlled by the PRC Government and our ability to acquire land use rights and the acquisition costs of the land use rights may be affected by Government policies towards land supply, development and pricing. In May 2002, the PRC Government introduced a nationwide system of mandatory public tender, auction or listing for bidding for the grant of land use rights for commercial use, tourism, entertainment and commodity property development. On 28 September 2007, the MLR issued the *Rules on the Grant of State-owned Land Use Rights for Construction through Public Tender, Auction or Listing for Bidding*, effective from 1 November 2007, under which land use rights of land for construction purposes, including for industrial use, commercial use, tourism, entertainment and commodity housing development, must be granted by means of public tender, auction or listing for bidding. Although the PRC Government does not prevent privately held land use rights that were granted for land premiums from being traded in the secondary market, the intention of the PRC Government to grant land use rights at competitive market prices is likely to increase the acquisition cost of land reserves. Our business prospects may be materially and adversely affected if we are unable to acquire quality sites on a timely basis or at prices which will enable us to achieve sufficient returns or effectively compete in these tenders.

We may not have adequate financing to fund our property developments and may require additional financing in the form of debt or equity.

The property development business is capital intensive. We primarily finance our land acquisitions and property developments through a combination of pre-sales and sales proceeds, borrowings, internal funding and shareholders' equity. These financial resources may be inadequate for implementing our property developments and these developments may face cost overruns. If we decide to meet these funding requirements through debt financing, our interest obligations will increase and we may be subject to additional restrictive covenants, including restrictions on change in shareholdings, constitution of our Board and management of our businesses. If we decide to raise additional funds through the issuance of equity or equity-linked instruments, our Shareholders may experience dilution in their shareholdings. We cannot assure you that in the future we will be able to raise adequate capital in a timely manner and on acceptable terms to us, or at all, particularly when the property market is depressed. Our failure to obtain adequate financing may result in a delay or abandonment of our existing and future projects.

Furthermore, purchasers who pay the purchase price in full, whether in instalments or otherwise, under sales or pre-sales contracts may not make timely payments and this may have a material adverse effect on our cash flow. There is no guarantee that we will have sufficient cash flow available for land acquisitions or property developments or that we will be able to achieve sufficient pre-sales and sales to fund property developments or land acquisitions. In addition, we cannot assure you that we will be able to secure external financing or renew existing credit facilities on terms acceptable to us, or at all.

In recent years, the PRC Government has taken a variety of policy initiatives in the financial sector to tighten lending procedures for property developers further. In June 2003, the PBOC issued a notice that, among other things:

- forbids PRC commercial banks from granting loans to property developers for funding the payment of land premiums;
- restricts PRC commercial banks from granting loans for the development of luxury residential properties;
- prohibits PRC commercial banks from granting project loans to property developers for projects if the property developer has failed to acquire the land use rights certificate, the planning permit for land for construction, the planning permit for construction projects and the construction permit, or if the property developer's internal funds for the project are less than 30% (which was later raised to 35%) of the total estimated capital required for that project; and
- forbids a property developer from using project loans obtained from any local bank to fund property developments outside that bank's local district.

The policy restricting banks from granting loans to finance construction of luxury apartments and villas may, directly or indirectly, affect our capability to fund land acquisitions and our development of luxury residential properties in the future.

These initiatives may limit our flexibility and ability to use bank loans to finance our property developments and, therefore, may require us to maintain a relatively high level of internally-sourced funds. In addition to bank loans, we utilise proceeds from pre-sales of our properties as an important source of financing for our property developments. We cannot assure you that we will be able to continue to achieve sufficient pre-sales to fund any particular development. Any restriction on our ability to pre-sell our properties, including any increase in the amount of upfront expenditure we must incur prior to obtaining a pre-sale permit or any restriction on our ability to utilise the pre-sale proceeds (such as future changes to laws and regulations) would extend the time required to recover our capital outlay and could require us to seek alternative means of financing the various stages of our developments. In turn, this could have an adverse effect on our cash flow, business and financial position. As a result, we may not have adequate resources to finance property developments or to service our financing obligations, and our business and financial condition may be materially and adversely affected.

Restrictions on profits from certain types of property developments could impact our overall returns.

A portion of our property development projects are classified as economically affordable housing or reasonably priced housing. In addition, as required by local regulations, we build low-rent housing (廉租房) as part of our commodity housing projects. All of these units have various governmental restrictions placed on them.

Economically affordable housing is a type of social-welfare housing with a unit size of approximately 60 sq.m. These apartments are typically priced lower than ordinary commodity apartments and cannot be sold for a profit higher than 3%. Only low income families as selected by the Government according to local regulations are eligible to buy economically affordable housing. The land use rights for these projects are supplied by administrative allocation, with no land premium required to be paid, and are exempt from various administrative charges.

Reasonably priced housing is normal commodity housing in which the size and sales price are limited by the Government. Unlike economically affordable housing, the land use rights required for constructing on land for reasonably priced housing are not administratively allocated by the Government. Developers for reasonably priced housing are selected through public competition processes.

Low-rent housing units are designed for urban, low-income families with housing difficulties. We build low-rent housing in conjunction with commodity housing projects, but with a governmental restriction on size of each unit, which is not more 50 sq.m. each. Only families subsisting on social welfare are qualified to apply for leasing low-rent housing from the Government, with their qualifications being reviewed by the Government.

For further regulatory details regarding these types of housing projects, see *"Regulatory Overview — Property Development and Management — Property development — Special regulations on developing economically affordable housing, reasonably priced housing and low-rent housing"*.

As at 31 May 2009, we had seven affordable housing developments (a term that encompasses economically affordable housing and reasonably priced housing), all of which were located in Beijing and represented approximately 40.2% of our total GFA under development as at the same date. Revenue from the seven affordable housing developments, namely, Jinyu Meiheyuan, Jinyu Lijingyuan, Shuanghui Living District, Jianxinyuan Garden, Jiandongyuan Garden, Chaoyang New City and Jinyu Jiaheyuan, accounted for approximately 13.0%, 11.7%, 7.5% and 32.4% of the revenue of our property development segment for the year ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, respectively.

The initial bid for affordable housing projects includes a price range in which we must sell the completed units. If the cost of raw materials or services dramatically increases, we may not be able to receive permission to adjust the sales price per square metre to reflect the higher costs, thus impacting our profitability in, or resulting in losses from, completing the project. Similarly, the limits on the profit derived from these investments may impact shareholder value as a reflection of overall capitalisation. Because of these and other similar factors, our results of operations or financial condition could be adversely affected by our investments in these projects.

We may fail to obtain, or may experience material delays in obtaining, necessary government approvals for our property development projects.

China's property markets are strictly regulated by the PRC Government. Property developers must abide by various laws and regulations, including rules stipulated by local governments to enforce these laws and regulations. To develop and complete a property project, we must apply to relevant governmental departments for various licences, permits, certificates and approvals, including, without limitation, land use rights certificates, planning permits for land for construction, planning permits for construction projects, construction permits and pre-sale permits.

We have not yet executed the land grant contract or obtained the land use rights certificate for the construction of commercial space and ancillary facilities of Shuanghui Living District, which are planned to have an aggregate GFA of approximately 12,910 sq.m. As a result of the above, the relevant PRC authorities may revoke the relevant construction permits that we have obtained for these units, which may render the construction of these units unlawful. For further details, see "*Business — Legal and Regulatory Matters — Regulatory matters — Construction permits*". In the event that the relevant construction permit is revoked, our business operation and financial condition may be materially and adversely affected.

In addition, we have not obtained relevant environmental approvals for the construction of lot number 15 of CBD Central Apartments and building number 5 of Tiantan Kungkuan. Our PRC legal adviser has advised us that relevant PRC authorities may require us to apply for these environmental approvals and may in addition impose on us a maximum penalty amount of RMB400,000 for such non-compliance. For further details, see "*Business — Legal and Regulatory Matters — Regulatory matters — Environmental approval*s".

We cannot assure you that we will not encounter any serious delays or difficulties in the process of applying for certificates, licences, approvals and permits in the future, or fulfilling the conditions precedent to such approvals, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the PRC property industry in general or the particular processes with respect to the granting of all necessary licences, permits and approvals by the PRC Government. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. If we fail to obtain or renew the necessary PRC governmental approvals for any of our major property projects, or if a serious delay occurs in the PRC Government's examination and approval process, we will not be able to keep up with our development schedule and our business, financial condition and results of operations may be materially and adversely affected. Furthermore, we cannot assure you that the implementation, interpretation or enforcement of the laws and regulations by the relevant authorities will not require us to incur additional costs, which could have a material adverse effect on our business, financial condition and results of operations.

We face contractual and legal risks relating to the pre-sale of properties, including the risk that property developments are not completed, or not completed on time, and risks arising from changes in laws and regulations in relation to the pre-sale of properties.

Property developments typically require substantial capital outlays during their construction periods and it can take months or years before positive cash flows, if any, can be generated by pre-sales of properties under development or from sales of completed properties. The time and costs required to complete a property development may increase substantially due to many factors beyond our control. Any delay in, or failure of, our completion of a property development may result in costs substantially exceeding those originally budgeted. Failure to complete a property development according to its original plan, or at all, could have a material adverse effect on our reputation and could give rise to potential liabilities.

We face contractual risks relating to the pre-sales of properties. For example, we may fail to complete a fully or partially pre-sold property development, in which case we could be liable to purchasers of pre-sold units for losses suffered by them. In addition, if we fail to meet the completion time as stated in the pre-sale contracts, purchasers of pre-sold units could have the right to claim damages under the pre-sale contracts. If we extend the delay beyond the grace period stipulated in the contracts, the purchasers could be entitled to terminate the pre-sales contracts, claim damages and request a return of their purchase amount with interest. We cannot assure you that we will not experience any delays in completion or delivery of our properties or that we will not be subject to any liabilities for any such delays.

Proceeds from the pre-sales of our properties are an important source of funds for our property developments and have an impact on our liquidity position. In August 2005, the PBOC, in a report entitled "2004 Real Estate Financing Report" (2004中國房地產金融報告), recommended that the practice of pre-selling uncompleted properties be discontinued on the grounds that it creates significant market risks and generates transactional irregularities. At the plenary session of the National People's Congress and that of the Chinese People's Political Consultative Conference (中國人民政治協商會議) held in March 2006, representatives to the National People's Congress proposed a motion to abolish the pre-sale system. In 2007, the NDRC also proposed to abolish the existing system for pre-sales and adopt a system for sales of completed housing only. While the recommendation has not been adopted, we cannot assure you that the practice of pre-selling uncompleted properties will not be materially limited or prohibited in the future. Future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means of financing the various stages of our property developments. This could, in turn, have a material and adverse effect on our business, cash flows, financial condition and results of operations.

We may not be able to obtain land use rights certificates or building ownership certificates with respect to certain land or unsold units in which we currently have interests in our property development operations.

We have certain parcels of land in which we have various interests in our property development operations, but for which we have not yet obtained the relevant land use rights certificates. In particular, as at the Latest Practicable Date, we had not obtained land use rights certificates with respect to: (i) a site area of approximately 8,690.4 sq.m. of Building No. 2-5 of Baohua Home and (ii) a site area occupied by the commercial space and ancillary facilities of Shuanghui Living District with a total GFA of 12,910.0 sq.m., which were properties held for future development and under development, respectively, in our property development segment. Furthermore, although we have received the land use rights certificates, we need to pay approximately RMB5.8 million as additional land premium for Jinyu Lijingyuan in order to amend the authorised use of the land occupied by this property. In addition to the defects in land title, as at the Latest Practicable Date, we had not obtained building ownership certificates for a total saleable GFA of approximately 94,944.1 sq.m. in five of our completed property development projects.

For details of the properties with defective titles as described above, see properties numbered 61, 69, 71-73, 77, 81 and 89 in "*Appendix IV — Property Valuation*".

If we fail to obtain or amend the land use rights certificates with respect to the land for our property development in a timely manner, or at all, we may not be able to acquire new land in replacement on terms acceptable to us, or at all, may otherwise incur additional costs, may be subject to other losses or may not be able to sell the properties. If we fail to obtain the building ownership certificates with respect to the buildings developed by us, we may not be able to sell the properties and may have to write off the unsold units from our inventory. Among the units for which we have not currently obtained proper ownership certificates, we have pre-sold approximately 16,634.1 sq.m. of GFA as at 31 May 2009. Our PRC legal adviser is of the view that our pre-sale of these properties complies with relevant PRC laws and regulations. Under the relevant pre-sale contracts, we are obliged to obtain the relevant building ownership certificates between 31 July 2009 and 30 October 2010. We expect to be able to obtain these building ownership certificates on or before the dates specified in the relevant pre-sale contracts, and our PRC legal adviser is of the view that there are no legal obstacles to us obtaining these building ownership certificates. If, however, we fail to obtain the relevant building ownership certificates and deliver them to our customers within the grace period specified in the pre-sale contracts, purchasers of the pre-sold units may terminate the pre-sale contracts, claim damages and request a return of their purchase amount with interest. In addition, these customers could claim liquidated damages from us. If any of the above occurs, it would have a material adverse effect on our business, financial condition and results of operations.

We may not be successful in expanding into geographic areas that we do not currently serve.

While we have been, in the past, primarily a developer focused on Beijing and the surrounding region, we have recently expanded into Hangzhou, Zhejiang Province and Huhhot, Inner Mongolia. We are currently seeking other development opportunities in Xi'an, Shijiazhuang, Baoding, Shenyang, Dalian and other cities. Our expansion, and the need to integrate operations arising from our expansion into new cities and provinces, may place a significant strain on our managerial, operational and financial resources and may further increase our financing requirements. In addition, we may encounter stronger competition from other property developers who are already well-established in these cities.

The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations.

Our Group companies are subject to LAT under PRC tax laws and regulations. All income from the sale or transfer of land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined by the relevant tax regulations. We estimate and make provision for the amount of applicable LAT at the time of the recognition of relevant property sales revenue, but we only make the actual payment at the time required by the relevant PRC tax laws and regulations. For the year ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, we made LAT payments in the amount of RMB4.9 million, RMB13.4 million, RMB14.5 million and RMB0.8 million, respectively. For the same periods, we made provisions for LAT in the amount of approximately RMB28.1 million, RMB21.7 million, RMB105.7 million and RMB10.7 million, respectively. We cannot assure you that the local tax authorities will agree with the basis on which we calculate our LAT obligations. If they believe that a higher amount of LAT should be paid, our profits would be materially and adversely affected.

Furthermore, relevant notices issued by the Government relating to the settlement of LAT allows tax authorities at the provincial level to formulate their own implementation rules according to the local situation. If the implementation rules promulgated in the cities in which our projects are located require us to settle all of the unpaid LAT at the same time, our cash flows may be materially and adversely affected.

We guarantee the mortgage loans of our pre-sale customers until the relevant property ownership certificates are delivered to the mortgagee banks, and we may become liable to the mortgagee banks if our customers default on their mortgage payments during this period.

As we pre-sell properties before their actual completion of construction, in accordance with industry practice in the PRC, banks typically require us to guarantee our customers' mortgage loans until we complete the relevant properties and the property ownership certificates are delivered to the mortgagee banks. We do not conduct independent credit checks on our customers but rely instead on the credit checks conducted by the mortgagee banks. If a purchaser defaults on a mortgage payment, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may dispose of the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loan.

As at 31 December 2006, 2007 and 2008 and 31 March 2009, our contingent liabilities comprising guarantees given to banks in respect of mortgage facilities for certain purchasers of our properties amounted to approximately RMB555.4 million, RMB683.0 million, RMB748.0 million and RMB798.2 million, respectively. We cannot assure you that no purchaser will default on a mortgage payment in the future. If substantial defaults occur in a depressed property market and we are called upon to honour our guarantees, our financial condition and results of operations will be materially and adversely affected.

We may not be able to complete our development projects on time or at all.

Property development projects require substantial capital expenditure prior to and during the construction period, and construction of a property project may take more than a year before it generates positive cash flows through pre-sales or sales. The progress and costs for a development project may be materially and adversely affected by many factors, including:

- delays in obtaining necessary licences, permits or approvals from the Government;
- changes in market conditions;
- relocation of existing residents or demolition of existing structures;
- shortages or increased costs of materials, equipment, contractors and skilled labours;
- labour disputes;
- construction accidents;
- natural catastrophes; and
- adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may have a material adverse effect on our results of operations and financial position or cause reputation damage. We cannot assure you that we will not experience any significant delays in completion or delivery or that we will not be subject to any liabilities for any such delays.

Our failure to meet all requirements for the issuance of property ownership certificates may lead to compensatory liability to our customers.

According to PRC law, property developers must meet various requirements within 90 days after delivery of properties, or such other time period provided in sales contracts, to allow the customers to apply for property ownership certificates, including passing various governmental clearances, formalities and procedures. We cannot assure you that there will not be delays in fulfilling those requirements, that we will be able to timely deliver all property ownership certificates in the future or that we will not be subject to any liabilities as a result of any late deliveries of property ownership certificates. There may also be factors beyond our control that cause delay to the delivery of property ownership certificates, such as time-consuming examination and approval processes at various Government agencies. Under our sales contracts, we are required to compensate our customers for delays in completing our deliverables. In the case of serious delays on one or more property projects, our business and reputation would be harmed.

We are subject to legal and business risks if we fail to maintain qualification certificates.

Property developers must maintain formal qualification certificates in order to legally carry out property development business in the PRC. For further details, see "*Regulatory Overview — Property Development and Management — Property development*". We cannot be certain that formal qualification certificates for our new project companies will be obtained in a timely manner, or at all. If our project companies fail to obtain or maintain qualification certificates, our property development business may be limited and our business and financial condition may be materially and adversely affected.

The PRC Government may reclaim our land and impose other penalties if we fail to comply with the terms of the relevant land grant contracts.

Under PRC law, if we fail to develop a property project according to the terms of the relevant land grant contract, including the use of the land and the time for commencement and completion of the property development, the PRC Government may issue a warning or impose a penalty or require us to forfeit the land. Specifically, under current PRC law, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee on the land of up to 20% of the land premium. If we fail to commence development for more than two years from the relevant commencement date, the land is subject to forfeiture by the PRC Government unless the delay in development is caused by Government actions or *force majeure*.

Even if the commencement of the land development falls within the time frame set out in the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or the total capital invested is less than one-fourth of the total investment of the project, and the suspension of the development of the land is over one year in duration without Government approval, the land may be treated as idle land.

Pursuant to the land grant contract dated 17 June 2002, a supplemental agreement dated 14 September 2007 and relevant PRC laws and regulations, we are required to commence the construction of Buildings 2 and 4 of Baohua Home within one year from 14 September 2007, being the date of the supplemental agreement to the original land grant contract. As at the Latest Practicable Date, we have not yet commenced the construction of these buildings, which may lead to obligations to pay idle land fees equal to 20% of the relevant land premiums and additional value-added land premiums. Similarly, we failed to commence construction of Buildings 3 and 5 of Baohua Home prior to 30 October 2008 as the demolishment and relocation work has not yet been completed, and we may also be obligated to pay idle land fees equal to 20% of the relevant land premiums and additional value-added land premiums in relation to the relevant land. For further details on the Baohua Home project, see "*Business — Property Development Segment — Description of our projects*". Under relevant PRC laws and regulations, the maximum idle land fees that can be imposed on us for Buildings 2, 3, 4 and 5 of Baohua Home are approximately RMB4.5 million. We are unable to estimate the additional value-added land premium that may be imposed on us for these buildings, as relevant PRC authorities have not promulgated detailed measures in this regard. We cannot assure you that circumstances leading to payment of idle land fees and additional land premium, forfeiture of land or significant delays in development schedules may not arise with respect to these properties or will arise with respect to other properties in the future. If our land is forfeited, we will not only lose the opportunity to develop our property projects on such land, but we may also lose all of our past investments on the land, including land premiums paid and development costs incurred.

We are reliant on third-party contractors for completion of our projects.

We do not maintain an in-house construction team. We engage third-party contractors to provide various services, including most of the design work, pile setting, foundation digging, construction, equipment installation, internal decoration, electromechanical engineering, pipeline engineering and elevator installation. Third-party contractors are selected through tender processes. We cannot guarantee that any such third-party contractor will provide satisfactory services at the quality level required by us. In addition, the contractors may undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of our property projects or increased costs to us. All of these factors could materially and adversely affect our reputation, financial position and business operations.

Failure to reach agreement over relocation arrangements with owners and residents of the buildings to be demolished for our primary land development projects may delay our schedule and subject us to claims by the owners and residents.

We have been engaging in primary land development projects which normally require demolition of existing buildings located on the relevant land and relocation of owners and residents. For further details on the projects in which we currently engage, see "*Business — Property Development Segment — Our property development and project management procedure — Primary land development*". The relocation of residents and demolition of existing buildings can be highly complex and emotional, which may substantially delay the development progress of our projects while incurring additional costs. If we fail to reach an agreement over the compensation amount or relocation arrangements with any existing owners or residents, and they refuse to relocate, the timetable may be delayed and we may not receive the profit that can be realised when the land is successfully auctioned or, in the case of our current primary land development project located in Beijing, the service fee agreed to be paid by our Parent, at the time we expect or at all. In addition, we may be subject to claims or disputes by owners or residents who are not content with the compensation amount or relocation arrangements. We may suffer damage to our reputation as a result of bad publicity generated from any resistance on the part of residents to relocate. If any of the aforementioned should occur, our results of operations and shareholder value could be diminished.

RISKS RELATING TO CONDUCTING OPERATIONS IN THE PRC

Substantially all of our assets, business and operations are located in the PRC, and substantially all of our revenue is sourced from the PRC. Accordingly, our results of operations, financial position and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC.

The political and economic situation in the PRC may have an adverse effect on our business.

Since 1978, China's GDP has grown at a rapid rate. In 2008, China's nominal GDP grew at the real rate of 9.0% to RMB30,067.0 billion compared to RMB25,730.6 billion in 2007. We cannot assure you that such growth will continue in the future.

The PRC economy differs from the economies of most developed countries in many respects, including structure, government involvement, level of development, economic growth rate, control of foreign exchange, allocation of resources and balance of payment position. For the past three decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. Although we believe these reforms will have a positive effect on the PRC's overall long-term development, we cannot predict whether changes in the economic, political and social conditions of the PRC will adversely affect our current or future business, financial condition or results of operations. Moreover, even if new policies may benefit us in the long term, we cannot assure you that we will be able to successfully adjust to such policies. If there is a further slow down in the economic growth of the PRC, or if its economy experiences a recession, demand for our products may also decrease and our business, financial condition and results of operations may be materially and adversely affected.

In addition, demand for our products may be affected by a variety of factors, many of which may be beyond our control, including:

- political stability or changes in social conditions within the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- the imposition of additional restrictions on currency conversion and remittances abroad.

Any significant changes in relation to any of these factors may materially and adversely affect our business, financial condition and results of operations.

Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect the value in other currencies of our net assets, earnings and declared dividends or results of operations and financial results.

We receive most of our sales proceeds in Renminbi, which is not freely convertible into other currencies. Under the existing foreign exchange regulations in China, we may undertake current account foreign exchange transactions without prior approval from the SAFE by complying with certain procedural requirements. The PRC Government may in the future, however, at its discretion, restrict access to foreign currencies for current account transactions under certain circumstances.

Any such change to the foreign exchange regulations may adversely affect our ability to pay dividends or satisfy other foreign exchange requirements.

The value of the Renminbi against other foreign currencies is subject to changes in the PRC's policies and international economic and political developments. Effective 21 July 2005, the Renminbi is no longer pegged solely to the U.S. dollar. Instead, it is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall by as much as 0.3% each day. On 23 September 2005, the PRC Government widened the daily trading band for Renminbi against non-U.S. dollar currencies from 1.5% to 3% in order to improve the flexibility of the new foreign exchange system. On 18 May 2007, the PBOC enlarged, effective 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. This allowed the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC each day.

There has been pressure on the PRC from foreign countries to adopt a more flexible currency system that could lead to appreciation of the Renminbi. The exchange rate may become volatile, the Renminbi may be revalued further against the U.S. dollar, or other currencies, or the Renminbi may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the U.S. dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into U.S. dollars or Hong Kong dollars (which are pegged to the U.S. dollar), of our net assets, earnings or any declared dividends. However, any unfavourable movement in the exchange rate may lead to an increase in our costs, a decline in sales or an increase in our loan liabilities, which could materially affect our results of operation. We have not entered into any agreements to hedge our exchange rate exposure.

The PRC legal system has inherent uncertainties that could affect us.

As substantially all of our business is conducted, and our assets are located, in the PRC, our operations are generally affected by and subject to the PRC legal system and PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can be used only as a reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, because these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, the interpretation of PRC laws and regulations involves uncertainty. Depending on the way an application or case is presented to a Government agent and depending on the Government agent itself, we could receive less favourable interpretations of laws and regulations than our competitors. In addition, any litigation we undertake in the PRC may be protracted and result in substantial cost to us and diversion of both our resources and management attention.

The treatment of our companies for PRC corporate income tax purposes is unclear.

The New EIT Law and its relevant implementing rules have come into effect on 1 January 2008. The New EIT Law reduces the base corporate income tax rate for all PRC resident enterprises from 33% to 25%. Enterprises that previously enjoyed a preferential tax rate will gradually transition to the new tax rate over five years. Other tax benefits, such as fixed periods of corporate income tax exemption or reduction, will continue until the expiry of the prescribed period. For the preferential tax treatment which has not commenced due to lack of profit, such preferential treatment was deemed to have commenced on 1 January 2008. Furthermore, the regime for other tax benefits, such as those for high- and new-technology companies, was revised in both the New EIT Law and its implementing rules.

In the past, we have received certain tax benefits. For further details, see "*Financial Information — Taxation — PRC corporate income tax*". If we are unable to continually enjoy our preferential tax treatments or if our other tax benefits are not renewed, our results of operations may be materially and adversely affected.

The implementation of the new employment contract law and the expected increase in labour costs in the PRC may adversely affect our business and profitability.

A new employment contract law became effective in China on 1 January 2008. It imposes more stringent requirements on employers in relation to entering into fixed term employment contracts, hiring of temporary employees and dismissing employees. In addition, under the newly promulgated *Regulations on Paid Annual Leave for Employees* (職工帶薪年休假條例), which came into effect on the same date, employees who have continuously worked for more than one year are entitled to a paid holiday ranging from 5 to 15 days, depending on their length of service. Employees who agree to waive their holiday time at the request of their employers must be compensated with three times their normal daily salaries for each holiday waived. As a result of the new law and regulations, our labour costs may increase. We cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Increases in our labour costs and future disputes with our employees could have a material adverse effect on our business, financial condition or results of operations.

It may be difficult to effect service of process upon us or our Directors or senior officers who reside in mainland China.

Our assets and our Group companies are located in the PRC. In addition, most of our Directors and officers reside in the PRC, and the assets of our Directors and officers may also be located in the PRC. As a result, it may not be possible to effect service of process outside the PRC upon us or our Directors and officers, including with respect to matters arising under applicable securities laws.

RISKS RELATING TO THE GLOBAL OFFERING

Future sales of substantial amounts of H Shares or other securities in the public market (or transactions perceived as sales), including any sale of our H Shares by the NSSF or any conversion of our Domestic Shares into H Shares, could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future and may result in the dilution of your shareholdings.

The market price of our H Shares could decline as a result of future sales of substantial amounts of H Shares or other securities relating to our H Shares in the public market, the issuance of new H Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our H Shares or other securities, including any future offerings, may also materially and adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our Shareholders may experience dilution in their shareholdings to the extent we issue additional securities in future offerings.

In accordance with relevant PRC regulations regarding the disposal of State-owned shares and the approval of SASAC dated 22 August 2008, our Parent, Tianjin Building Materials and China

Cinda will transfer to NSSF an aggregate of our 83,521,718 Shares, which will then be converted into H Shares, immediately following the completion of the Global Offering (or 96,049,935 Shares, assuming the Over-allotment Option is exercised in full). NSSF has not entered into any undertaking restricting its disposal or re-sale of our H Shares. The Shares held by our Controlling Shareholder are subject to certain lock-up undertakings for a period of up to 12 months after the date on which trading in our H Shares commences on the Stock Exchange. We cannot give any assurance that our Controlling Shareholder will not sell, dispose of or otherwise transfer any Shares they may own now or in the future after the conclusion of the applicable lock-up periods.

Upon the approval of the securities regulatory department under the State Council, our Domestic Shares may be transferred to overseas investors, and the transferred Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred Shares on an overseas stock exchange would have to comply with the regulatory procedures, rules and requirements of such stock exchange. No voting by any class of our shareholders is required for the listing and trading of the transferred Shares on an overseas stock exchange. However, PRC Company Law provides that in relation to the public offering of a company, the shares of that company which were issued before the public offering may not be transferred within one year from the date of the listing. The potentially substantial number of our Domestic Shares that may be converted into H Shares beginning one year after the Listing may further increase the supply of H Shares in the market and could negatively impact the market price of our H Shares.

Holders of H Shares may not be able to enforce their rights as successfully as shareholders in the PRC or enforce the judgements obtained from non-PRC courts.

As a PRC company offering and listing its H Shares outside the PRC, the Company is subject to the Special Regulations and the Mandatory Provisions. Upon the listing of our H Shares on the Stock Exchange, the Listing Rules will become the principal basis for protection of Shareholders' rights. The Listing Rules contain particular standards of conduct, fairness and disclosure for our Company, our Directors and our Controlling Shareholder.

The legal framework to which our Company is subject is materially different from the Hong Kong Companies Ordinance in certain areas, including the protection of minority shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which our Company is subject are also relatively undeveloped and untested.

Our Company will be subject to the Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases upon the listing of our H Shares on the Stock Exchange. Holders of our H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law and only provide standards of acceptable commercial conduct for takeover and merger transactions and share repurchases in Hong Kong.

China has not entered into any treaties providing for the reciprocal recognition and enforcement of judgments of courts in countries such as the United States, the United Kingdom and Japan, and therefore enforcement within the PRC of judgments of courts in these jurisdictions may be difficult or impossible. Our Articles of Association and the Listing Rules provide that most disputes between holders of H Shares and our Company, our Directors, Supervisors, officers or holders of Domestic

Shares arising out of our Articles of Association or the Company Law and related regulations concerning its affairs, such as the transfer of H Shares, are to be resolved through arbitration. However, so far as we are aware, no action has been brought in the PRC by a holder of H shares to enforce an arbitral award made by the PRC arbitral authorities or the Hong Kong arbitral authorities, and there are uncertainties as to the outcome of any action brought in the PRC to enforce an arbitral award made in favour of a shareholder.

In addition, on 14 July 2006, the Supreme People's Court of the PRC and the Hong Kong government signed an *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned* (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排). Under this arrangement, which has been in effect since 1 August 2008, where any designated People's Court of the Mainland or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a written choice-of-court agreement between the parties, any party concerned may apply to the relevant People's Court of the Mainland or Hong Kong court for recognition and enforcement of the judgment. However, as rights under the arrangement are limited and the interpretation of and cases under the arrangement have not been fully developed, the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Holders of H Shares may be subject to PRC taxation.

Under current PRC tax laws, regulations and rulings, dividends paid by our Company to a Non-PRC Resident Enterprise Shareholder are subject to a 10% withholding tax while the dividends paid to an individual holders of H Shares outside the PRC are currently exempted from PRC income tax. In addition, gains realised by Non-PRC Resident Enterprise Shareholders upon sale or disposition of H Shares are subject to a 10% income tax, while gains realised by individual holders of H Shares are currently exempted from PRC income tax. If the exemptions are withdrawn in the future, individual holders of H Shares may be required to pay PRC income tax, or we may be required to withhold such tax from dividend payments. Such PRC income tax or withholding tax on dividends would likely be imposed at the current rate of 20%, unless there is an applicable tax treaty between the PRC and the jurisdiction in which an overseas holder of H Shares resides which reduces or exempts the relevant tax.

There has been no prior public market for our H Shares; the liquidity and market price of our H Shares may be volatile, and the Offer Price may not be indicative of prices that will prevail in the trading market.

Prior to the Global Offering, there has been no public market for our H Shares. The initial issue price range to the public for our H Shares was the result of negotiations between us and the Joint Bookrunners on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for the H Shares following the Global Offering. We have applied to list and deal in the H Shares on the Stock Exchange. We cannot assure you that the Global Offering will result in the development of an active, liquid public trading market for our H Shares. In addition, the price and trading volume of our H Shares may be volatile. Factors such as variations in our revenue, earnings and cash flows or any other developments of our Group may affect the volume and price at which the H Shares will be traded.

The Offer Price will be determined by negotiations between us and the Joint Bookrunners (on behalf of the Underwriters) and may not be indicative of prices that will prevail in the trading market, and may bear no relationship to the market price for H Shares after the Global Offering. Investors may not be able to resell their Shares at the Offer Price or at a higher price. Volatility in the price of the H Shares may be caused by factors beyond our control and may be unrelated to the results of our operations.

Our estimated profit attributable to owners of the Company for the six months ended 30 June 2009 involves gains that may arise on revaluation of our investment properties, and our profit estimate involves estimates and assumptions in this regard as well as other assumptions and estimates which may prove to be incorrect.

We have estimated that the profit attributable to owners of the Company for the six months ended 30 June 2009 is unlikely to be less than RMB546.4 million, excluding fair value gains on investment properties, and is unlikely to be less than RMB669.5 million, including fair value gains on investment properties and net of deferred tax effect. In preparing the estimate, we have made a number of assumptions and estimates as described in "*Appendix III — Profit Estimate*". The estimated profit of RMB669.5 million for the six months ended 30 June 2009 reflects an estimated fair value gains on our investment properties of approximately RMB123.1 million (net of deferred tax effect). The extent of any fair value gains or losses on our investment properties for the six months ended 30 June 2009 depends on market conditions and other factors that are beyond our control. While we have considered for the purposes of our profit estimate what we believe is the estimate of the fair value gains on our investment properties as at 30 June 2009, the amount of fair value gains or losses on investment properties as at that date may differ materially from our estimate. Furthermore, we expect the fair value of our investment properties as at 30 June 2009 to continue to be based on the valuation performed by an independent professional property valuer, involving the use of assumptions that are, by their nature, subjective and uncertain. Although we believe the assumptions and estimates on which our profit estimate is based are reasonable, any or all of these assumptions and estimates could prove to be inaccurate due to the inherent uncertainties in these assumptions, particularly the revaluation on investment properties, and as a result, the profit estimate based on those assumptions could also be incorrect.

As the Offer Price is higher than the net tangible book value per Offer Share, the book value of any Offer Shares you buy will be diluted immediately.

The Offer Price is higher than the net tangible asset value per Offer Share immediately prior to the Global Offering. Therefore, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in the net tangible asset value, and our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their Shares. In addition, holders of our Shares may experience a further dilution of their interest if the International Underwriters exercise the Over-allotment Option or if we obtain additional capital in the future through equity offerings.

We cannot guarantee the accuracy of certain facts and statistics with respect to the PRC, the PRC economy and relevant industries contained in this prospectus.

Facts and statistics in this prospectus relating to the PRC, the PRC economy and the relevant industries that are derived from various official government publications are generally believed to be reliable. However, we cannot guarantee the quality or reliability of such facts and statistics. They have not been prepared or independently verified by us, the Global Coordinator, the Sponsor, the Underwriters or any of their or our respective affiliates, directors or advisers. We therefore make no representation as to the accuracy of the facts and statistics contained in such official government publications, some of which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics in "*Industry Overview*" with respect to the PRC and its economy, and relevant industries may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Furthermore, we cannot assure you that these facts and statistics are stated or compiled on the same basis, or with the same degree of accuracy, as may be the case elsewhere.

The current market conditions may not be reflected in the statistical information provided in this prospectus.

The historical information provided in this prospectus relating to market conditions and valuation may not reflect the current market due to rapid changes in global and the PRC economy. In order to provide context to the industries in which we operate, and greater understanding of our market presence and performance, various statistics and facts have been provided throughout the prospectus. However, this information may not reflect current market conditions as the recent economic downturn may not be fully factored into these statistics, and the availability of the latest data may fall behind the date of this prospectus. As such, any information relating to market value, sizes and growth, or performance in these markets and other similar industry data should be viewed as historical figures that may have little value in determining future results. If this historical information is not in line with current and future trends, our results of operations and our shareholders value may be negatively impacted.

You should read the entire prospectus and should not rely on any information contained in press coverage or other media in relation to the Global Offering, our business operations or our Group in connection with a decision to invest in the Shares.

There has been press coverage which includes information about the Global Offering and other forward-looking statements. There can be no assurance that there will not be press coverage or other media reports in relation to the Global Offering, our business operations or other details of our Group, including forward-looking information and other types of information. There can be no assurance that such press coverage or other media reports will not be negative or hostile. We do not accept any responsibility for the accuracy or completeness of press coverage or other media reports that have not been prepared or approved by us in advance of publication. We make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any such report, projection, valuation or forward-looking information about us, or any of the assumptions underlying such information. We disclaim statements in the press or other media that are inconsistent or conflict with the information contained in this prospectus. Accordingly, you should rely only on the information that is included in this prospectus in connection with your investment decision.

CONNECTED TRANSACTIONS

Members of our Group have entered and are expected to enter into certain transactions, which would constitute non-exempted continuing connected transactions of our Company under the Listing Rules after the Listing. We have applied to the Stock Exchange for a waiver from strict compliance with the announcement and/or independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such non-exempted continuing connected transactions. For further details of such waiver, see "*Connected Transactions*".

MANAGEMENT PRESENCE

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, except as otherwise permitted by the Stock Exchange in its discretion, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Since most of our Group's operations are in the PRC, our Group does not and, for the foreseeable future, will not have a management presence in Hong Kong. Currently, substantially all of our Directors reside in the PRC. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver under and in respect of Rule 8.12 and Rule 19A.15 of the Listing Rules.

The arrangements proposed by us for maintaining regular communications with the Stock Exchange for the purpose of Rule 8.12 and Rule 19A.15 of the Listing Rules are as follow:

- our Company will have at least one independent non-executive Director who ordinarily resides in Hong Kong;

- our Company will appoint Wang Hongjun, our executive Director and chief financial officer, and Wu Xiangyong, one of our joint company secretaries, as our two authorised representatives pursuant to Rule 3.05 of the Listing Rules. The authorised representatives will act as our Company's principal channel of communication with the Stock Exchange, will provide their usual contact details to the Stock Exchange and will be readily contactable by telephone, facsimile and email by the Stock Exchange, if necessary, to deal with enquiries from the Stock Exchange from time to time. Mr. Wang and Mr. Wu, however, are not and will not be ordinarily resident in Hong Kong. As such, we will also appoint Lau Fai Lawrence, one of our joint company secretaries and our qualified accountant (who will be ordinarily resident in Hong Kong) as our alternative authorised representative;

- the authorised representatives and the alternative authorised representative of our Company will have the means of contacting all Directors promptly at all times, as and when the Stock Exchange wishes to contact our Directors on any matters;

- all Directors who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong for business purpose and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;

- our Company will, in accordance with the requirement of Rule 3A.19 of the Listing Rules, retain Cinda International Capital Limited to provide our Company with professional advice on continuous compliance with the Listing Rules. Such retention will commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing

Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The compliance adviser will provide professional advice on matters relating to compliance with the Listing Rules and other obligations for companies listed in Hong Kong. The compliance adviser will, in addition to the authorised representatives and alternative authorised representative, act as our Company's principal channel of communication with the Stock Exchange; and

- the compliance adviser shall have access at all times to our authorised representatives and our alternative authorised representative, our Directors and other officers of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company.

COMPANY SECRETARY

According to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong, has the requisite knowledge and experience to discharge the functions of a company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister (as defined in the Legal Practitioners Ordinance) or a professional accountant, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experiences, is in the opinion of the Stock Exchange capable of discharging those functions. Rule 19A.16 of the Listing Rules provides that the secretary of a PRC issuer, such as our Company, need not be ordinarily resident in Hong Kong, provided that such person can meet the other requirements of Rule 8.17 of the Listing Rules.

Our Company has appointed Wu Xiangyong as one of the joint company secretaries who does not possess full qualification as required under the Listing Rules. Mr. Wu is experienced in handling administrative work and preparing meeting materials for the Board, and has a thorough understanding of the operation of the Board, our Company and our Group. However, Mr. Wu does not possess a qualification as stipulated in Rule 8.17 of the Listing Rules and may not be able to solely fulfill the requirements as stipulated under Rules 8.17 and 19A.16 of the Listing Rules. As such, our Company appointed Lau Fai Lawrence as another joint company secretary who is able to fully comply with the requirements set out under Rule 8.17 of the Listing Rules.

Over a period of three years from the Listing Date, our Company proposes to implement the following measures to assist Mr. Wu to become a joint company secretary who possesses all the requisite qualifications as required under the Listing Rules:

- Mr. Lau will assist and guide Mr. Wu in his discharge of duties as a joint company secretary and in gaining the relevant experience as required by the Listing Rules; and

- our Company will ensure Mr. Wu has access to the relevant training and support to enable him to familiarise himself with the Listing Rules and the duties required for a company secretary of a PRC issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rule 8.17 and Rule 19A.16 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. Upon the expiry of such three-year period, our

Company will re-evaluate the qualifications and experience of Mr. Wu to consider whether the requirements stipulated in Rules 8.17 and 19A.16 of the Listing Rules can be satisfied. In the event Mr. Lau, during such three-year period, ceases to provide assistance and guidance to Mr. Wu, the waiver will be revoked with immediate effect.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies Ordinance, the *Securities and Futures (Stock Market Listing) Rules* (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Company. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

CSRC APPROVAL

The CSRC issued an approval letter on 22 June 2009 for the Global Offering and for the submission of the applications to list our H Shares on the Stock Exchange. In granting its approval, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained in this prospectus and the Application Forms and on the terms and subject to the conditions set out in this prospectus and the Application Forms. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by us, the Global Coordinator, the Sponsor, the Underwriters, any of their respective directors, agents, employees or advisers or any other parties involved in the Global Offering.

For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, see *"Structure of the Global Offering"*, *"How to Apply for Hong Kong Offer Shares"* and the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring Hong Kong Offer Shares under the Hong Kong Public Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus or Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with, as authorised by the relevant securities regulatory authorities, or as exempted by the registration requirements of the relevant securities laws and regulations. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our H Shares (or exercising rights attached to them). None of us, the Global Coordinator, the Sponsor, the Underwriters, any of their respective directors or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise or any rights in relation to, our H Shares.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless the holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(a) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations and our Articles of Association;

(b) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(c) agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders of our H Shares; and

(d) authorises us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

HONG KONG H SHARE REGISTER AND STAMP DUTY

All H Shares issued under applications made in the Hong Kong Public Offer and under the International Placing will be registered on our H Share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by us at No. A129 Xuanwumen West Main Street, Xicheng District, Beijing 100031, PRC, our current headquarters in the PRC.

Dealings in our H Shares registered in our H Share register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. For further details, see *"Appendix V — Taxation and Foreign Exchange — Taxation in Hong Kong — Stamp Duty"*.

ELIGIBILITY FOR CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our H Shares on the Stock Exchange and we comply with the stock admission requirements of the HKSCC, our H Shares will be accepted as eligible securities by the HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by the HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second trading day after any trading day. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the H Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbrokers or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in the Offer Shares to be issued pursuant to the Global Offering (including the additional H Shares that may be issued pursuant to the exercise of the Over-allotment Option).

Save as disclosed in this prospectus, no part of the share or loan capital of the Company is listed on or dealt in on any other stock exchange.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB and US$ have been translated, for illustration purposes only, into Hong Kong dollars in this prospectus at the following rates:

RMB0.88164 : HK$1.00

HK$7.75 : US$1.00

No representation is made that any amounts in RMB, US$ or HK$ can be or could have been at the relevant dates converted at the above rates or any other rates, or at all.

LANGUAGE

The English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one decimal place. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

Unless otherwise specified, all references to any shareholdings in our Company assume no exercise of the Over-allotment Option.

Directors

Name	Residential Address	Nationality
Executive Directors		
Jiang Weiping (蔣衛平)	Room 902 Gate Number 1, Building 1, Yard 2 Sanlihe Yiqu Xicheng District Beijing China	Chinese
Li Changli (李長利)	No. 154 Huangshanmudian Chaoyang District Beijing China	Chinese
Jiang Deyi (姜德義)	No. 801 Tower 1, Courtyard 32 Guan Village Chongwen District Beijing China	Chinese
Shi Xijun (石喜軍)	Room 301 Unit 4, Building 29 Huajiadi Chaoyang District Beijing China	Chinese
Zhang Handong (張捍東)	No. 2 Huaibaishu Street Xuanwu District Beijing China	Chinese
Wang Hongjun (王洪軍)	No. 562 Unit 5, Tower 14 Ganluyuannanli Chaoyang District Beijing China	Chinese

Name	Residential Address	Nationality
Non-executive Directors		
Zhou Yuxian (周育先)	Room 2301 Block 10, Taiyueyuan Community Haidian District Beijing China	Chinese
Independent non-executive Directors		
Hu Zhaoguang (胡昭廣)	Room 601 Gate Number 2 Building 26 Wanliu Wanquan Xinxin Jiayuan Haidian District Beijing China	Chinese
Xu Yongmo (徐永模)	Room 102 Unit 6, Building 59 Guanzhuangdongli Changyang District Beijing China	Chinese
Zhang Chengfu (張成福)	Room 301 Building 2, Yiyuan, Renmin University of China Haidian District Beijing China	Chinese
Yip Wai Ming (葉偉明)	Flat H, 38th Floor Tower 6 Sorrento No. 1 Austin Road West Kowloon Hong Kong	Chinese

Supervisors

Name	Residential Address	Nationality
Wang Xiaoqun (王孝群)	No. 402 Gate Number 4 50 Dongsi West Street Dongcheng District Beijing China	Chinese
Chen Changying (陳長纓)	China State Construction Engineering Corporation No. 9 Jitisanlihe Road Haidian District Beijing China	Chinese
Hu Jingshan (胡景山)	Room 408 No. 17 Chunlai Lane Xinxing Road Heping District Tianjin China	Chinese
Zhang Jie (張杰)	No. D 19 R&F City, Guangqumen Outer Street Chaoyang District Beijing China	Chinese
Hong Ye (洪葉)	Room 501 East Gate Number 1 Building 13, Xingfu Ercun Chaoyang District Beijing China	Chinese
Fan Xiaolan (范曉嵐)	Room 562 Unit 5, Building 81 Zaolinqian Street Xuanwu District Beijing China	Chinese
Wang Youbin (王佑賓)	Room 6 Unit 6, Building 8 Building Materials Community Dormitory Qinghe Haidian District Beijing China	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Global Coordinator and Sponsor	UBS AG, Hong Kong Branch 52/F Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Bookrunners	UBS AG, Hong Kong Branch 52/F Two International Finance Centre 8 Finance Street Central Hong Kong
	Macquarie Capital Securities Limited 18/F One International Finance Centre 1 Harbour View Street Central Hong Kong
	J.P. Morgan Securities Ltd. 125 London Wall London EC2Y 5AJ United Kingdom
Joint Lead Managers for Hong Kong Public Offer	UBS AG, Hong Kong Branch 52/F Two International Finance Centre 8 Finance Street Central Hong Kong
	Macquarie Capital Securities Limited 18/F One International Finance Centre 1 Harbour View Street Central Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28/F Chater House 8 Connaught Road Central Hong Kong
	BOCOM International Securities Limited 9/F Man Yee Building 68 Des Voeux Road Central Hong Kong

Co-managers for Hong Kong Public Offer (in alphabetical order)	China Everbright Securities (HK) Limited 36/F Far East Finance Centre 16 Harcourt Road Hong Kong CIMB Securities (HK) Limited 25/F Central Tower 28 Queen's Road Hong Kong Cinda International Capital Limited 45/F COSCO Tower 183 Queen's Road Central Hong Kong First Shanghai Securities Limited 19/F Wing On House 71 Des Voeux Road Central Hong Kong GuocoCapital Limited 12/F The Center 99 Queen's Road Central Hong Kong VC Brokerage Limited 28/F The Centrium 60 Wyndham Street Central Hong Kong
Legal advisers to our Company	*As to Hong Kong and U.S. law* Paul, Hastings, Janofsky & Walker 21-22/F Bank of China Tower 1 Garden Road Hong Kong *As to PRC law* Haiwen & Partners 21/F Beijing Silver Tower No. 2 Dong San Huan North Road Chaoyang District Beijing, PRC

Legal advisers to the Underwriters	*As to Hong Kong and U.S. law* Lovells 11/F One Pacific Place 88 Queensway Hong Kong *As to PRC law* Jingtian & Gongcheng 15/F the Union Plaza 20 Chaoyangmenwai Dajie Beijing, PRC
Auditors and reporting accountants	Ernst & Young *Certified Public Accountants* 18/F Two International Finance Centre 8 Finance Street Central Hong Kong
Property valuer	Savills Valuation and Professional Services Limited 23/F Two Exchange Square Central Hong Kong
Receiving banks	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong

Headquarters	No. A129, Xuanwumen West Main Street Xicheng District Beijing China
Registered office and principal place of business in the PRC	No.36, North Third Ring East Road Dongcheng District Beijing 100013
Principal place of business in Hong Kong	Room 904, Wah Ying Cheong Central Building 158-164 Queen's Road Central Hong Kong
Company's website address	www.bbmg.com.cn *(information on the website does not form part of this prospectus)*
Legal representative	Jiang Weiping (蔣衛平) Room 902 Gate Number 1, Building 1, Yard 2 Sanlihe Yiqu Xicheng District Beijing China
Joint company secretaries	Lau Fai Lawrence (劉斐), *CPA* Wu Xiangyong (吳向勇)
Qualified accountant	Lau Fai Lawrence (劉斐), *CPA*
Authorised representatives	Wang Hongjun (王洪軍) No. 562 Unit 5, Tower 14 Ganluyuannanli Chaoyang District Beijing China Wu Xiangyong (吳向勇) No. 604 Unit 6, Tower 17 Ganluyuannanli Chaoyang District Beijing China

Alternative authorised representative	Lau Fai Lawrence (劉斐) Flat E, 47/F Tower 1, Grand Waterfront 38 San Ma Tau Street Tokwawan Kowloon Hong Kong
Audit Committee	Zhang Chengfu (張成福) (*Chairman*) Hu Zhaoguang (胡昭廣) Xu Yongmo (徐永模) Zhou Yuxian (周育先) Yip Wai Ming (葉偉明)
Remuneration and Nomination Committee	Jiang Weiping (蔣衛平) (*Chairman*) Shi Xijun (石喜軍) (*Vice chairman*) Hu Zhaoguang (胡昭廣) Zhang Chengfu (張成福) Xu Yongmo (徐永模)
Strategic Committee	Jiang Weiping (蔣衛平) (*Chairman*) Li Changli (李長利) (*Vice chairman*) Jiang Deyi (姜德義) (*Vice chairman*) Hu Zhaoguang (胡昭廣) Zhang Chengfu (張成福) Wang Hongjun (王洪軍) Xu Yongmo (徐永模) Deng Guangjun (鄧廣均)
Compliance adviser	Cinda International Capital Limited (信達國際融資有限公司) 45/F Cosco Tower, 183 Queen's Road Central, Central, Hong Kong
Principal banks	*Industrial and Commercial Bank of China Tian Ning Temple Branch* No.69 Xibianmen Neidajie, Xuanwu District, Beijing *Industrial and Commercial Bank of China Beijing West Station Branch* No.39 Lianhuachi Donglu, Haidian District, Beijing *Bank of Communications Beijing Fuwai Branch* Building 1, Yard No.9 Chegongzhuang Dajie, Xicheng District, Beijing

	Bank of Beijing Baiyun Branch Tower 1, No.24 Lianhuachi Donglu, Xuanwu District, Beijing
H Share registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

This section contains information, forecasts and statistics relating to the PRC economy and the industry in which we operate. We have derived such information and data partly from official government publications that have not been independently verified by us, the Global Coordinator, the Sponsor, the Underwriters or any of our or their respective affiliates or advisers. Furthermore, the information provided by official government publications may not be consistent with the information complied within or outside China by third parties. We make no representation as to the correctness or accuracy of the information contained in this prospectus that is derived from official government sources. Accordingly, such information should not be unduly relied upon. We have, however, taken such care as we consider reasonable in the reproduction and extraction of such information.

OVERVIEW

We are one of the largest building materials manufacturers in the PRC and the largest in the Beijing-Bohai Gulf Region. We are also a large-scale property investment and management company and a leading property developer in Beijing. We have a portfolio of over 100 subsidiaries grouped into four segments: cement, modern building materials, property investment and management, and property development. Each of our business segments has its own industry focus and market challenges. We analyse below the industries in which we operate and the relevant market competition environments both at the Group level and within each market segment.

GROUP ANALYSIS

Industry overview

PRC fixed asset market

China's economy has grown rapidly since economic reforms started in the late 1970s. According to the National Bureau of Statistics of China, China's GDP increased from approximately RMB9,921.5 billion in 2000 to approximately RMB30,067.0 billion in 2008, with an increase of approximately 9.0% over 2007, making China one of the fastest growing economies in the world.

The fast pace of economic growth in the PRC has been spurred by investment in fixed assets (for example, real estate and infrastructure), which increased from approximately RMB2,840.6 billion in 1998 to approximately RMB17,229.1 billion in 2008, outpacing the growth of China's GDP during the same period. From 2007 to 2008, the average annual growth rate of investment in fixed assets was approximately 25.5%.

The following table illustrates the year on year growth of China's GDP and its fixed assets investment for the period between 2003 and 2008:

	2003	2004	2005	2006	2007	2008
Nominal GDP (RMB billion)	13,582.3	15,987.8	18,321.7	21,192.4	25,730.6	30,067.0
Annual growth in real GDP	10.0%	10.1%	10.4%	11.6%	13.0%	9.0%
Fixed asset investment (RMB billion)	5,556.7	7,047.7	8,877.4	10,999.8	13,723.9	17,229.1
Annual growth in fixed asset investment	27.7%	26.6%	26.0%	23.9%	24.8%	25.5%

Source: National Bureau of Statistics of China (www.stats.gov.cn)

China's economic growth and investments in fixed assets have stimulated a rapid expansion in the real estate industry. The average market value of residential properties in China has increased from RMB2,937.0 per sq.m. in 2005 to RMB3,665.2 per sq.m. in 2007.

Beijing fixed asset market

Located in northern China, Beijing is the PRC's capital city as well as an economic and cultural centre. In 2008, Beijing had a population of approximately 17 million. The real GDP growth rate of Beijing was on par with the average national growth rate in 2008 and the per capita GDP of Beijing was significantly higher than the national average.

Fixed asset investment in Beijing has also surpassed the national average over the last 10 years, with an increase from RMB117.1 billion in 1999 to RMB384.9 billion in 2008. The average market value of residential properties in Beijing increased from RMB6,162.0 per sq.m. in 2005 to RMB8,319.0 per sq.m. in 2007 and the same for commercial properties increased from RMB13,828.0 per sq.m. in 2005 to RMB15,286.4 per sq.m. in 2007.

Competition

At the Group level, the competition in Beijing, Tianjin and Hebei Province is relatively intense. Building a multi-platform company such as ours is not overly complicated; the investment barriers, however, are somewhat high. For instance, the regulatory restrictions in the cement and property development sectors may limit access and expansion. The market in this area is dynamic, with many international, national and regional participants seeking to gain access and grow brand awareness. The ability of certain providers to compete in multiple product lines creates many challenges.

The competitors in this region are mainly State-owned large-scale enterprises with a strong ability to integrate resources, and include enterprises such as China National Building Material Group Corporation (中國建築材料集團公司), Sinoma, Tianjin Building Materials and Shandong Shanshui Cement Group Ltd. (山東山水水泥集團有限公司). Compared with these competitors, our Directors believe that we enjoy advantages in market strength and brand awareness in Beijing, Tianjin and Hebei Province. In addition, we have an integrated production chain through our four segments, which provides us with certain competitive advantages. Based in Beijing, Tianjin and Hebei Province, we have access to a strong resource and customer base from which we can expand out to the greater Bohai Gulf Region. However, some of our competitors have direct or indirect control over listed companies, giving them access to greater amounts of capital, more financing channels and lower financing costs.

Stimulus package announced by the PRC Government

In November 2008, the PRC Government announced a RMB4.0 trillion stimulus package to stimulate the PRC domestic economy. The stimulus package is expected to be spent over the next two years to finance programs in several major areas, including low-rent housing, rural infrastructure, transportation, water and electricity infrastructure, medical and sanitation, educational, cultural and other social development initiatives, energy saving and environmental protection construction, technological innovation, industry adjustments towards value-added services and disaster recovery, mainly in relation to the May 2008 earthquake in Sichuan Province. The package also includes a tax reform mainly allowing for value-added tax deduction for purchases of fixed assets, such as machinery, to reduce operational costs for companies. In addition, the stimulus package aims to increase rural workers' income by implementing certain measures such as increasing minimum grain bulk purchase prices and various government grants.

According to the NDRC, the principal investment areas under the stimulus package and the estimated amounts involved in each of such areas are as follows:

Areas	Estimated amount
	(RMB billion)
Low-rent housing and other affordable housing projects	400
Rural infrastructure	370
Transportation, water and electricity infrastructure	1,500
Medical and sanitation, educational, cultural and other social development initiatives	150
Energy saving and environmental protection construction	210
Technology innovation and industry value-added adjustments	370
Disaster recovery	1,000

SEGMENT ANALYSIS

Cement and concrete market

Industry overview

China is the single largest cement market in the world. China accounted for approximately 45% of the world's total cement consumption in 2007 and was estimated to have accounted for 54% of the world's total cement consumption in 2008. China's cement industry has also experienced rapid growth. According to the National Bureau of Statistics of China, China's cement production increased from approximately 862 million tonnes in 2003 to approximately 1,388 million tonnes in 2008. Our Directors expect this growth to continue because of continuing urbanisation and anticipated investments in infrastructure and real estate.

Industry consolidation

The Government has supported larger and more efficient cement companies by issuing several recent regulations. The NDRC proposed in the *Specialised Plan for Developing the Cement Industry* (水泥工業發展專項規劃), issued on 17 October 2006, to shut down small factories that are excessively polluting and wasteful, to actively cultivate consolidation of successful enterprises and to enhance their competitiveness. On the same day, the NDRC also noted in the *Development Policy of Cement Industry* (水泥工業產業發展政策) that, with respect to centralisation and consolidation of the cement industry, its aim is to reduce the number of cement producers from 5,000 to 2,000 by 2020.

On 31 December 2006, the NDRC, the Ministry of Land and Resources and the PBOC jointly issued a notice stating that 12 national level cement companies would receive government support in the form of priority with respect to project approvals, land use right grants and credit approvals. Named therein are our Parent (including Taihang Huaxin), Anhui CONCH Group Co., Ltd. (安徽海螺集團有限責任公司), Shandong Shanshui Cement Group Co., Ltd. (山東山水水泥集團有限公司), Zhejiang Leomax Group Co., Ltd. (浙江三獅集團有限公司), Hubei Huaxin Cement Co., Ltd. (湖北華新水泥股份有限公司), Tangshan Jidong Cement Company Limited (河北唐山冀東水泥股份有限公司), China United Cement Corporation (中國聯合水泥有限責任公司), Jilin Yatai (Group) Co., Ltd. (吉林亞泰(集團)股份有限公司), China National Materials Industry Group Corporation (including Xinjiang Tianshan Cement Co., Ltd) (中國材料工業科工集團公司 (含天山水泥股份有限公司)), Henan Tianrui Group Co., Ltd. (河南天瑞集團公司), Hongshi Holdings Group Co., Ltd. (紅獅控股集團有限公司) and Gansu Qilianshan Cement Group Co., Ltd. (甘肅祁連山水泥集團股份有限公司).

According to China Cement Association, there were over 5,000 independent producers as at 31 December 2007 and the average annual cement production capacity in 2007 was 0.3 million tonnes per producer, which was much less than the global average outside the PRC. With support from the Government, large PRC cement producers have been growing rapidly through acquisitions. According to the NDRC, the aggregate annual production volume of the 12 largest PRC cement producers accounted for approximately 25% of the total cement production volume in China by the middle of 2007. The Directors expect this trend to continue, as smaller-scale cement companies are likely to be the target of further consolidation and acquisitions.

Cement

Production methods

In the cement production process, traditional production methods use vertical kilns and advanced methods applying NSP technology use rotary kilns. Vertical kilns are less energy efficient and employ older technology resulting in lower quality clinker. In comparison, rotary kilns employ more advanced technology with higher productivity allowing for better monitoring of the quality of the clinker produced. Rotary kilns are able to use the wet, dry or semi-dry process of cement production, while vertical kilns can only use the semi-dry process of cement production. Dry process rotary kilns are more fuel-efficient and less polluting. Some advanced dry process rotary kilns apply NSP technology, which has the lowest level of emissions among the methods described above.

As compared to traditional manufacturing methods, NSP technology generally emits fewer harmful emissions and produces cement that is more efficient, reliable, stable and durable. There are three main operating indicators in cement production: 1) electricity consumption per tonne of clinker and cement; 2) coal consumption per tonne of clinker and cement; and 3) energy consumption per tonne of clinker. Large-scale NSP production lines that have a daily clinker production capacity of at least 2,000 tonnes, particularly those with a capacity of at least 4,000 tonnes, are generally more energy efficient to operate. NSP technology is supported by government policies intended to decrease pollution and reduce industry waste. In the past, traditional production methods dominated the PRC cement industry. Prior to 2000, most of China's cement production capacity was attributable to traditional production methods while the NSP production process accounted for approximately less than 12%.

Products

There are various grades of PO cement, with each grade corresponding to a compression strength that is attained on the 28th day after pouring. PO cement can be classified into PO 32.5 grade, PO 42.5 grade or PO 52.5 grade (42.5 grade and 52.5 grade do not differ in chemical content, as 52.5 grade is simply ground much finer). A brief description of these types is below.

- **PO 32.5 grade —** suitable for general uses and where a high level of strength is not necessary. PO 32.5 grade cement is widely used in China, with an estimated 80% of the total cement sold in 2006 being at this grade or below.
- **PO 42.5 grade —** commonly used in the construction of residential, commercial and industrial structures. Most experts generally recommend the use of PO 42.5 grade unless a very high strength cement is required.
- **PO 52.5 grade —** used for projects where a high level of strength is needed and other heavy load bearing structures.

The price of cement varies by type. We set out below the quarterly average price of PO 42.5 cement in Beijing from 2005 to the first quarter of 2009.

	Cement price	
	Price for PO 42.5 cement	Quarter change
	(RMB per tonne)	%
2005 — first quarter	252	—
second quarter	258	2.4%
third quarter	258	-0.2%
fourth quarter	251	-2.7%
2006 — first quarter	260	3.6%
second quarter	240	-7.7%
third quarter	287	19.6%
fourth quarter	330	15.0%
2007 — first quarter	330	0.0%
second quarter	330	0.0%
third quarter	330	0.0%
fourth quarter	340	3.0%
2008 — first quarter	350[(1)]	2.9%
second quarter	360	2.9%
third quarter	360	0.0%
fourth quarter	360	0.0%
2009 — first quarter	360	0.0%

Note:

(1) As the average price for January 2008 is not available, the figure for the first quarter of 2008 was determined using data for February and March 2008 only.

Source: CEIC Data Company Ltd, which specialises in research on Asia and emerging markets (www.ceicdata.com)

In Beijing, the average selling price of cement per tonne for 2005, 2006 and 2007 was approximately RMB236.2, RMB240.8 and RMB249.8, respectively.

Concrete

The PRC Government issued industrial policies to encourage the sale of bulk cement and has promulgated rules forbidding on-site concrete mixing in all major provincial capitals and coastal cities from 31 December 2003, and all cities from 31 December 2005. As a result, there has been an increase in the number of commercial concrete mixing stations in Beijing in recent years. In 2007, there were over 100 commercial concrete mixing stations in Beijing with an annual production volume of approximately 47.6 million cb.m.

Competition

The cement and concrete industry is generally a regional industry. In Beijing, these markets are intensively competitive in terms of price, geographic location and brand name recognition. Cement prices are significantly affected by the transportation costs for both raw materials and finished products, due to their low value to weight ratio. It is normal for a cement production plant's market to be concentrated within a sales radius, primarily because cement is heavy, bulky, used in large volumes and expensive to transport. Concrete is similarly constrained. As a result, the competitive environment in the areas surrounding cement and concrete plants, in addition to the price and quality of products, determines the competitiveness of a product.

Entry barriers

As described in further details in *"Regulatory Overview — Cement"*, the PRC Government has also increased the barriers of entry for the cement industry. These barriers fall along three lines: (i) requiring a production qualification for cement products; (ii) increasing environmental protection requirements; and (iii) introducing a capacity requirement stipulating that the annual output of a newly constructed cement grinding station shall be no less than 600,000 tonnes. In addition, the macroeconomic control and administrative measures undertaken by the PRC Government have increased the equity capital required for new cement production lines to 35%. Currently, only cement producers with sufficient financial resources are capable of constructing large scale production lines. These regulatory changes have added challenges to the cement production business and increased the cost of some raw materials, particularly coal. As a result, consolidation has accelerated within the PRC's cement industry. For further details on environmental protection regulations in the cement industry, see *"Regulatory Overview — Cement — Environmental protection requirements"*.

Our competitors

In our cement market, small-scale producers are a source of competition. We enjoy, however, advantages over them in scale of operations, market recognition and sales strength. In addition, small-scale cement producers are not in compliance with national policy because the NDRC requires all local governments to phase out cement enterprises with an annual production capacity of less than 0.2 million tonnes and which fail to comply with relevant environmental protection requirements or product quality standards. The subsidiaries in our cement segment have implemented various quality controls, including ISO 9001, ISO 10012, ISO 14001 Management Systems and GB/T28001. For further details, see *"Business — Quality Control"*. We believe that there will be increasingly fewer traditional producers in the area surrounding Beijing, Tianjin and Hebei Province because of the current consolidation effort by the Government.

Modern NSP producers with production methods similar to ours are a second source of competition in the cement market. We intend to compete with these cement producers by leveraging our competitive strengths, including our extensive sales network, economies of scale, brand strength and customer service.

In 2008, we were, together with our associate Taihang Cement and its subsidiaries, the largest supplier of cement in the area comprising Beijing, Tianjin and Hebei Province (of which approximately 60% was attributable to us and 40% was attributable to Taihang Cement and its subsidiaries), according to the China Cement Association, with our Group alone having approximately 40% of the market share in Beijing by sales volume, according to the Beijing Cement Industry Association.

Our main competitors in commercial concrete are also large, State-owned suppliers, including the Commercial Concrete Centre of Beijing Construction Project Group Co., Ltd. (北京建工集團有限責任公司商品混凝土中心), the Commercial Concrete Centre of Beijing Residential Housing Corporation (北京住總商品混凝土中心), Beijing Chengjian Commercial Concrete Co., Ltd. (北京城建混凝土有限公司) and the Commercial Concrete Branch of Beijing No. 6 Construction Group Corporation (北京六建集團公司混凝土分公司). Compared with our competitors, our Directors believe that we enjoy advantages in strong brand name recognition, scale of operations and geographic distribution of our mixing stations. The cement market in China is very competitive and we believe that, through years of effort, we have developed sound client relationships and strong brand name recognition. We have developed Beijing, Tianjin and Hebei Province as our primary markets and have achieved a competitive advantage in these markets through our economies of scale.

Modern building materials market

Industry overview

Modern building materials are different from traditional building materials, such as brick, tile and grey sandstone. These building materials are lighter, have insulating properties, and are more durable, energy efficient, decorative and environmentally friendly. Though primarily used to improve functionality, modern building materials also make a building look more modern and aesthetic. Some modern building materials markedly reduce the weight of the building, creating conditions that promote the use of light building structures so as to modernise construction technology and dramatically accelerate the speed of construction. These products comprise many of the main components used in building construction projects.

Along with the rise in fixed asset investment and property development, the market for modern building materials has also grown over the last five years. In addition, the Beijing Municipal Bureau of Industrial Development and SASAC of the People's Government of Beijing Municipality recently emphasised the need to develop the modern building materials industry in the current five year plan from 2006 to 2010. Fixed asset investment in Beijing during the five year plan totals approximately RMB1,884.0 billion, with the total real estate development over the planned period expected to be approximately RMB940.0 billion. In addition, Beijing is expected to invest RMB200.0 billion to build 290 kilometres of subways (in addition to the 200 kilometres scheduled to be in service by the end of 2008) by 2015, which will be twice the length of Beijing's subway by the end of the five-year plan. By 2015, the total length is expected to be 561 kilometres and the total static investment amount is expected to reach RMB200.0 billion.

Due to the breadth of products grouped under the modern building materials umbrella, we discuss below the markets for our representative products, namely furniture, mineral wool acoustic boards, ALC and refractory materials under each category.

Fixtures and decorative products

Fixtures and decorative products include furniture, mineral wool acoustic boards, doors and windows, paint, coloured steel panels and mineral wool. We highlight furniture and mineral wool acoustic boards in this category because of the revenue they generate or their significance to our strategy of development.

<u>Furniture</u>

China is a major exporter and producer of furniture, and wooden furniture occupies a major part of its market share. In 2007, China's furniture export value reached US$22.6 billion, representing a 29.5% growth from 2006. In 2008, the furniture industry continued its high growth rate, with export value amounted to approximately US$27.6 billion, representing a 21.9% growth from 2007, and the overall production reached approximately RMB292.5 billion.

Mineral wool acoustic boards

Mineral wool acoustic boards are made from grainy wool, attapulgite clay, amylum starch and waste newspapers, and are mainly used as ceiling material for insulation, sound absorption, fire safety and decoration. In 2000, demand for mineral wool acoustic boards in China was around 20 to 25 million sq.m. It is estimated that, between 2006 and 2010, the market for mineral wool acoustic boards will grow at an annual rate of 15%.

Energy saving wall body and insulation materials

Energy saving wall body and insulation materials include a variety of products used in the fabrication and insulation of building walls, such as ALC, glass wool, gypsum building blocks, partition boards, split tiles, decorative cement tiles, traditional building products, plaster gypsum, external thermal insulation composite systems and pre-mixed mortar. We highlight our ALC product because of its environmental benefits as an insulating material and of the support it receives from the PRC Government in relation to promotion of a Circular Economy.

ALC

ALC refers to products used primarily as a wall body material because such products can be made into either blocks or boards and have good insulating properties. ALC is widely used in the construction of commercial and residential buildings. China had a total production capacity of approximately 30 million cb.m. in 2008, and the production volume reached approximately 22 million cb.m. in 2005. In 2008, ALC was used in less than 1.0% of wall surface material applications and less than 2.2% of modern wall surface material applications, which indicates that there is still high growth potential in the market.

Refractory materials

Refractory materials can be shaped or non-shaped, and can provide insulation for high temperature environments, such as cement kilns. These products are widely used in the cement, metallurgical, electric power and petrochemical industries for making refractory interior linings in high temperature kilns. In 2007, a total of RMB108.4 billion worth of refractory materials was sold in China. In the same year, total production volume exceeded 40 million tonnes, an increase of over 25% from 2006. For 2008, an estimated 50 million tonnes will be produced, an increase of approximately 30% from 2007.

Our products

We produce over 20 different types of products in our modern building materials segment. These products fall within three major categories: (i) fixtures and decorative products; (ii) energy saving wall body and insulation materials; and (iii) refractory materials. The table below sets out the total revenue for each of these three categories as a percentage of the total sales in the modern building materials segment (excluding the revenue derived from building materials trading, logistics and others) during the periods indicated.

	Year ended 31 December			Three months ended 31 March	
Category	**2006**	**2007**	**2008**	**2008**	**2009**
			(%)		
Fixtures and decorative products	64.4	62.5	58.1	57.2	51.8
Energy saving wall body and insulation materials	21.1	20.7	14.9	16.1	14.6
Refractory materials	14.5	16.8	27.0	26.7	33.6

Competition

Entry barriers

We believe barriers of entry for the PRC modern building materials industry include: (i) securing production qualifications for producing industrial products; (ii) obtaining certification for product quality and establishing quality control systems; and (iii) building strong research and development capabilities. These barriers are in addition to the challenges normally faced in the modern building materials business, namely the increasingly competitive environment and increases in the cost of raw materials. Many of the subsidiaries in our modern building materials segment have obtained various national and international certifications. For further details on these certifications, see *"Business — Quality Control"*.

Our competitors

Our main competitors are large-scale building materials manufacturers such as Beijing New Building Material (Group) Co., Ltd. (北新建材（集團）有限公司). Compared to our competitors, our industrial chain provides us with leverage during negotiations. Our production facilities are mainly located in Beijing, Tianjin and Hebei Province, which enables us to meet the needs of large projects in our primary market. In addition, we have competitors for certain types of products, for example, Shanghai Armstrong Building Materials Co., Ltd. (上海阿姆斯壯建材有限公司) and Beijing New Building Material (Group) Co., Ltd. (北新建材（集團）有限公司) for mineral wool acoustic boards, Tianjin Asia New Building Material Co., Ltd (天津愛舍新型建材有限公司) for ALC and Guangming Group (光明集團) and Huari Furniture Co., Ltd (華日傢俱股份有限公司) for furniture.

Property investment and management market

Industry overview

Property investment and management generally refers to the investing, operating and managing residential and commercial properties. Investment properties are properties that are held for leasing purposes or for capital appreciation or both, but that are not occupied and used by the owner. Property management generally refers to service performed for fully developed properties, including property maintenance, daily operation, maintenance, repair and renewal of property facilities, environment management and cleaning, security, fire protection, road and vehicle management, collecting utility fees, daily client service and value added services such as in house cleaning and business services (for example, faxing, printing and typing). It may also include providing other specialty services, such as organising community activities, booking air tickets, providing weather forecasts and home appliance maintenance upon request. All of our property investment and management operations are in Beijing, except for one operation in Huhhot, Inner Mongolia.

Property investment

In 2007, the scale of the real estate market, as measured in terms of total GFA sold, and property prices increased significantly in the PRC compared to prior years. In 2008, the total GFA sold in the PRC decreased by 19.7% as compared to 2007, however, the total investment in properties during the same year reached RMB3,058.0 billion, representing an increase of 20.9% from 2007. As a result of the general rise in the real estate market, the property investment market in China has also experienced growth. In Beijing, in particular, the average price of residential property has increased from RMB6,162.0 per sq.m. in 2005 to RMB9,309 per sq.m. in 2008 and for commercial properties, the average price increased from RMB13,828.0 per sq.m. in 2005 to RMB16,264.7 per sq.m. in 2008.

The respective average price of residential and commercial properties (including office and retail) in the PRC and Beijing for the years indicated is set out below:

PRC

	Residential	Office	Retail
	(RMB per square metre)		
1997	1,790	4,677	3,090
1998	1,854	5,552	3,170
1999	1,857	5,265	3,333
2000	1,948	4,751	3,260
2001	2,017	4,588	3,274
2002	2,092	4,336	3,489
2003	2,197	4,196	3,675
2004	2,608	5,744	3,884
2005	2,937	6,923	5,022
2006	3,119	8,053	5,247
2007	3,645	8,667	5,774

Source: *National Bureau of Statistics of China (**www.stats.gov.cn**)*

Beijing

	Residential	Office	Retail
	(RMB per square metre)		
1999	4,787	13,780	11,170
2000	4,557	12,563	6,915
2001	4,716	12,391	7,166
2002	4,467	13,167	7,892
2003	4,456	10,645	10,189
2004	4,972	9,517	8,220
2005	6,162	13,517	13,828
2006	7,375	13,555	14,965
2007	8,319	15,152	17,585

Source: *CEIC Data Company Ltd, which specialises in research on Asia and emerging markets (**www.ceicdata.com**)*

Property management

As the property investment market in China, in particular Beijing, continues to grow, the demand for quality property management has also increased.

Property management companies have also begun to be involved in all of the property development stages, such as planning, design, construction, completion, takeover and sales. The services provided by property management companies have become more diversified as they offer a wider range of services, such as lease management, facility management, project management and due diligence investigation. Property management companies have also started to provide value added services, such as conference and cleaning services.

Property management companies are divided into three different classes, based on minimum capitalisation requirements, size of the property they are able to put under management and number of employees. For further details on this classification scheme, see "*Regulatory Overview — Property Development and Management — Property management services*".

Resorts and hotels

In 2008, China received approximately 130 million inbound visitors, representing an increase of 5.5% over 2006. To accommodate the growing number of travelers who are visiting China and, more specifically, Beijing, the number of star-rated resorts and hotels in Beijing increased from 614 in 2003 to 806 in 2007.

In addition, China's tourism industry has benefited from the strong economic growth in China, which has resulted in a higher disposable income for urban households. We believe that the demand for resorts in Beijing and Huhhot, Inner Mongolia will increase as the economy of the region continues to grow.

According to the National Tourism Administration of the PRC, at the end of 2007, China had 13,583 hotels (an increase of 6.5% from the end of 2006), with a total of 1,573,800 hotel rooms (an increase of 7.8% from 2006). Average hotel occupancy rate was approximately 70%.

Competition

Entry barriers

We believe the property investment and management market in the PRC is intensely competitive because barriers of entry are relatively low, in that new entrants only need to have ample capital to invest in office and commercial properties and qualifications relating to conducting property management services. However, this industry has recently been challenged by an oversupply of office and commercial properties in Beijing. As such, holders and lessors of office space intensely compete with each other in terms of quality of buildings, commercial facilities and geographic locations.

Our competitors

Our main competitors in the property investment area are large-scale international property investment and management companies, who hold such buildings as Beichen Plaza (北辰大廈), Winland International Finance Centre (英藍國際金融中心), New Poly Plaza (新保利大廈), China Central Place (華貿中心) and Kaichen Plaza (凱晨大廈). However, they mainly invest in properties developed by third parties. We normally develop our own investments, and thus are more familiar with our projects.

This increase in the supply of commercial property may result in further increases in competition in the Beijing market. For further details, see *"Risk Factors — Risks Relating to Our Property Investment and Management Business — An oversupply of available office space in the Beijing market could adversely affect our income from our investments"*.

Competition in the resort and hotel market is also intense. For example, hot spring resorts in the Changping District of Beijing are concentrated and similar to each other in the services provided, location, price and entertainment programs. Our main competitors in the resort area are resorts, such as Jiuhua Villas (九華山莊), Wendu Water City (溫都水城), Longmai Hot Spring (龍脈溫泉) and Longxi Hot Spring (龍熙溫泉). Compared with our competitors, we believe that we have relatively high market recognition, good facilities and quality services.

Property development market

Industry overview

The real estate reforms, together with the economic growth of China, have resulted in an increase in disposable income, an emergence of a mortgage lending market and an increase in the urbanisation rate, which are key factors in sustaining the growth of China's real estate market.

Property prices in China increased from 2003 to 2008, with the average price of residential properties increasing from approximately RMB2,197.0 per sq.m. in 2003 to approximately RMB3,655.0 per sq.m. in December 2008. In addition, investment in real estate development in residential properties increased to approximately RMB2,208.1 billion in 2008. Government housing reforms continue to encourage private ownership and it is expected that the property ownership percentage for urban residents will continue to increase.

Our products

We develop properties in Beijing; Hangzhou, Zhejiang Province; and Huhhot, Inner Mongolia. We develop office buildings, commodity housing and affordable housing projects. Office buildings and commodity housing are traditional real estate developments. Affordable housing projects are designed to provide housing for moderate to lower income families with housing difficulties. A total GFA of approximately 60.0 million sq.m. of affordable housing was completed in China in 2008, comparing to approximately 17.2 million sq.m. in 1997, representing an increase of approximately 248.8%. In Beijing, a total GFA of approximately one million square metres of affordable housing was completed in 2008. For further details on affordable housing, see "*Risk Factors — Risks Relating to Our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns*," "*Regulatory Overview — Property Development and Management — Property development — Special regulations on developing economically affordable housing, reasonably priced housing and low-rent housing*" and "*Business — Property Development Segment — Description of our projects*".

In 2006, 2007 and 2008, a total of approximately 26.1 million, 21.8 million and 13.4 million sq.m. of GFA, respectively was sold in Beijing. During the same periods, our GFA sold in Beijing amounted to approximately 0.3 million, 0.2 million and 0.3 million sq.m., representing approximately 1.2%, 0.9% and 2.2%, respectively, of the total GFA sold in Beijing during the relevant periods. We did not sell property in Tianjin; Hangzhou, Zhejiang Province; and Huhhot, Inner Mongolia during the Track Record Period. The following table sets out the average per square metre selling price for all properties and residential properties in Beijing; Tianjin; Hangzhou, Zhejiang Province; and Huhhot, Inner Mongolia from 2003 to 2007:

	Beijing		Tianjin		Hangzhou, Zhejiang Province		Huhhot, Inner Mongolia	
Year	**Residential**	**Overall**	**Residential**	**Overall**	**Residential**	**Overall**	**Residential**	**Overall**
				(RMB per square metre)				
2003	4,456	4,737	2,393	2,518	3,657	3,939	1,277	1,552
2004	4,747	5,053	2,950	3,115	3,884	4,248	1,430	1,648
2005	6,162	6,788	3,987	4,055	5,454	5,619	1,541	2,057
2006	7,375	8,280	4,649	4,774	5,967	6,218	2,176	2,368
2007	10,661	11,553	5,576	5,881	7,432	7,616	2,459	2,596

Source: *National Bureau of Statistics of China (www.stats.gov.cn)*

Property development markets

The property development market in Beijing

According to the National Bureau of Statistics of China, properties with a total GFA of approximately 28.9 million sq.m. were completed in Beijing in 2007, representing a decrease of approximately 9.5% from 2006. Of the total property sold in 2007, approximately 4.5 million sq.m., or 20.4%, was non-residential and approximately 17.3 million sq.m., or 79.6%, was residential. The average selling price per square meter of all properties in Beijing in 2007 was approximately RMB11,553, representing an increase of 39.5% over 2006. According to the 2008 Annual Statistics Communiqué of Beijing, properties with a total GFA of approximately 25.6 million sq.m. were completed in Beijing in 2008, of which approximately 11.6 million sq.m., or 45.3%, was non-residential and approximately 14.0 million sq.m., or 54.7%, was residential.

The property development market in Tianjin

Tianjin is a provincial level municipality located in the north region of China, adjacent to Hebei Province and near Beijing. In 2007, Tianjin had a population of 10.4 million and a real GDP of approximately RMB501.8 billion, representing a per capita GDP of RMB45,829.0.

According to the National Bureau of Statistics of China, properties with a total GFA of approximately 17.0 million sq.m. were completed in Tianjin in 2007, representing an increase of 12.1% over 2006. The average selling price for all properties also increased from 2006 at a rate of 21.7%. Total real estate investment in 2007 was RMB50.5 billion, an increase of 25.6% from 2006.

The property development market in Hangzhou, Zhejiang Province

Hangzhou, Zhejiang Province is in the eastern region of China and is the capital of Zhejiang Province. In 2008, Hangzhou had a population of 8.0 million and a real GDP of approximately RMB478.1 billion, representing a per capita GDP of RMB60,414.

According to the National Bureau of Statistics of China, properties with a total GFA of approximately 9.5 million sq.m. were completed in Hangzhou, Zhejiang Province in 2007, representing an increase of approximately 21.1% from 2006. Of the total property sold in 2007, approximately 1.1 million sq.m., or 9.3%, was non-residential and approximately 10.4 million sq.m., or 90.7%, was residential. According to the 2008 Annual Statistics Communiqué of Hangzhou, properties with a total GFA of approximately 8.9 million sq.m. were completed in Hangzhou in 2008, of which approximately 0.9 million sq.m., or 12.4%, was non-residential and approximately 6.3 million sq.m., or 87.6%, was residential. Total real estate investment increased by 15.0% from 2007 to RMB59.7 billion in 2008.

The property development market in Huhhot, Inner Mongolia

Huhhot, Inner Mongolia is in the north central region of China and is the capital of the Inner Mongolia Autonomous Region. In 2007, Huhhot had a population of 2.6 million. Huhhot's real GDP was approximately RMB111.8 billion in 2007, representing a per capita GDP of RMB43,333.3.

According to the National Bureau of Statistics of China, properties with a total GFA of approximately 2.2 million sq.m. were completed in Huhhot, Inner Mongolia in 2007, representing an increase of approximately 28.3% over 2006. Of the total property sold, approximately 0.1

million sq.m., or 5.6%, was non-residential and approximately 2.1 million sq.m., or 94.4%, was residential.

Competition

Entry barrier

The property development industry in the PRC is intensely competitive because government policies have led to a heavily restricted market. These barriers include obtaining qualifications related to real estate development; needing to continuously increase, or at least replenish, a land bank; and maintaining adequate working capital for projects. These barriers are in addition to challenges faced by the property development sector in general, including a recent drop in property prices in parts of China, including Beijing. Many of these requirements form a part of China's attempts to reform the market. Prior to 1990, real estate development in China was part of the nation's centrally planned economy. In the 1990s, the PRC Government initiated housing reforms and started to transform China's real estate and housing industry to a market-oriented system. A brief timeline of events related to this reform is below.

1988 The national constitution was amended to permit the transfer of land use rights.

1992 Major cities commenced sale of former public housing.

1994 The PRC Government further implemented an employer/employee-funded housing fund, and regulations regarding pre-sale of commodity housing in cities were issued by the central authorities.

1995 Regulations regarding the transfer of real estate were issued by the PRC authorities, establishing a regulatory framework for real estate sales.

1998 State-allocated housing policies were abolished by the PRC Government.

1999 The maximum mortgage term for housing financing was extended to 30 years and procedures for the sale of property on the secondary market were formalised. The PRC Government increases maximum mortgage financing from 70% to 80%.

2000 The quality controls for construction projects were standardised, establishing a framework for administration.

2001 The PRC Government issued regulations relating to sales of commodity housing.

2002 New rules were established requiring land use rights to be granted by way of public tender, auction or listing for bidding. A dual system for domestic and international home buyers was eliminated.

2003 The issuance and implementation of stringent requirements for real estate financing, reducing credit and systematic risks associated with property financing.

2004 A notice was issued by the State Council requiring real estate development projects, excluding affordable housing projects, be financed by developers from their capital funds with respect to 35%, rather than 20%, of the total projected capital outlay for such projects. In addition, the Ministry of Construction amended and supplemented rules imposing more restrictive requirements on the pre-sale of commodity housing in cities, and the CBRC issued guidelines to commercial banks, further strengthening risk controls over real estate financing.

2005 Additional measures were adopted to discourage speculations in real estate, such as increasing the minimum down payment to 30% of the total purchase price in selected cities, eliminating preferential mortgage interest rate for residential housing, imposing a business tax of 5% on proceeds from sales that occur within two years of purchase and prohibiting the resale of unfinished properties.

2006 The Government implemented additional land supply, bank financing and other measures to curb increases in property prices, to encourage the development of middle market to low-end housing and to promote the healthy development of the PRC property industry. The Ministry of Housing and Rural-Urban Development issued a guideline requiring that the total GFA of units with area below 90 sq.m. must not be less than 70% of total GFA of newly approved or newly constructed projects.

2007 Regulations were issued to increase the annual land use tax, and to impose these land use taxes on foreign invested enterprises. The Ministry of Land and Resources issued regulations requiring land use rights certificates not be issued unless and until all land premiums have been paid with respect to all of the land use rights under a land grant contract. These regulations effectively stopped the practice of issuing these certificates in instalments.

2008 The State Council issued the *Notice on Promoting the Saving and Intensification of Use of Land* (國務院關于促進節約集約用地的通知). The notice requires that not less than 70% of any residential land development project must be used for developing low-cost rental units, small to medium sized units, low to medium cost units and units with a GFA of less than 90 sq.m. The notice also imposes an additional land premium surcharge on idle land.

The Ministry of Finance and the State Administration of Taxation of the PRC adjusted real estate related tax rates for individual property sale or purchase, including temporarily lowering the deed tax rate to 1% for individual purchase of first residential house with a GFA of no more than 90 sq.m., suspending the stamp duty and land appreciation tax for sale of residential house and suspending stamp duty for purchase of residential house.

On 20 December 2008, the State Council implemented several tax related policies, including shortening the business tax exemption term for the transfer of ordinary residential house from five years to two years beginning the earlier of the date of issuance of building ownership certificates or the date of the deed tax payment receipt, and revising the basis for calculating the business tax by fixing it at the balance between the transfer price and the purchase price if the individual owner transfers the house within two years after purchase. On 31 December 2008, the State Council decided to abolish the urban real estate tax.

On 27 October 2008, the PBOC adjusted the lower limit of the lending rate for commercial individual residential house to 70% of the benchmark lending rate and adjusted the minimum down payment to 20% of the total purchase price. The PBOC also lowered the lending rate for real estate developers of low-rent housing to 90% of the bench mark lending rate.

For further details on the laws and regulatory requirements related to property development in the PRC, see "*Regulatory Overview — Property Development and Management — Property development — Property developing enterprises' responsibilities on quality and safety*".

Our competitors

Our main competitors are large-scale, domestic and international property development companies, including Poly Real Estate (Group) Co., Ltd. (保利房地產（集團）股份有限公司), Sino-Ocean Property Development Co., Ltd. (中遠房地產開發有限公司), China Merchants Property Development Co., Ltd. (招商局地產控股股份有限公司), Beijing Capital Development Holding (Group) Co., Ltd. (北京首都開發控股（集團）有限公司), North Star Real Estate Co., Ltd. (北辰房地產開發股份有限公司), China Vanke Co., Ltd. (萬科企業股份有限公司) and Guangdong R&F Properties Co., Ltd. (廣東富力地產股份有限公司). Competitive factors include brand name, overall approach to property development, capital operation, management model and project management and operation capability, as well as price, geographic location and surrounding environment. Compared with our competitors, we enjoy advantages in synergy with our other business segments, our strong brand recognition, our experienced management team and our large land reserve. In order to enhance our competitive stance, we plan to further utilise our synergy with our upstream building materials production operations, our balanced development portfolio, our brand recognition and our experience.

BACKGROUND INFORMATION ON ASSOCIATIONS AND INDUSTRY GROUPS

Provided below is the information on some of the industry associations and groups relating to our business, many of which have been referred to in this prospectus. Certificates and statistics provided by these associations are not commissioned by us and, to the best of the Directors' knowledge, information and belief, these associations are independent of us and our Parent, save as discussed below.

China Cement Association (中國水泥協會) — Governed by the Ministry of Civil Affairs and the SASAC of the State Council, it is a nation-wide non-profit association consisting of over 500 members and is authorised to formulate strategies and policies, conduct research and facilitate fair competition in the cement industry. Mr. Jiang Deyi (our executive director and president) and Mr. Xu Yongmo (our independent non-executive director) are two of the 29 vice presidents of the association. Mr. Xu's duties at the China Cement Association is to provide advice and suggestions regarding the work of the China Cement Association and to attend important meetings of the same association. Mr. Jiang is not involved in day to day management of this association.

Beijing Cement Industry Association (北京水泥行業協會) — A subdivision of the Beijing Building Materials Association (北京建材行業協會), it is governed by the Beijing Municipal Bureau of Civil Affairs (the "**Beijing MBCA**") and the Beijing Municipal Bureau of Industrial Development (the "**Beijing MBID**"). It is a local association consisting of 28 members that was established in 1985.

China Building Materials Federation (中國建築材料聯合會) — Governed by the Ministry of Civil Affairs and the SASAC of the State Council, it is a nation-wide association consisting of nearly 20,000 members in the building material industry. The association gathers statistics and assists in the formulation of relevant industrial standards. Mr. Xu Yongmo (our independent non-executive director) is one of the association's 29 vice presidents, and is responsible for technology, international cooperation and external affairs.

Beijing Building Materials Association (北京建材行業協會) — Governed by the Beijing MBCA and the Beijing MBID, it is a local association consisting of over 2,000 members. The association gathers statistics and participates in formulating industrial standards. Mr. Jiang Deyi (our executive director and president) is a vice president of the association, but is not involved in day to day management.

Beijing Real Estate Association (北京房地產業協會) — Governed by the Beijing MBCA and the Beijing Municipal Construction Committee (the "**Beijing MCC**"), it is a local association consisting of over 600 members in the real estate industry in Beijing.

Beijing Property Management Association (北京物業管理協會) — Governed by the Beijing MBCA and the Beijing MCC, it is a local association consisting of members in the property management industry in Beijing.

Beijing Furniture Trade Association (北京傢俱行業協會) — Governed by the Beijing MBCA, the Beijing MBID, the Beijing Industry Economy Association and the China National Furniture Association, it is a local association consisting of members in the furniture industry in Beijing.

Premixed Mortar Promotion Committee of the China Construction Industry Association Material Branch (中國建築業協會材料分會預拌砂漿推廣委員會) — Under the China Construction Industry Association Material Branch (which is governed by the Ministry of Civil Affairs), it is a non-profit association consisting of enterprises, organisations and scholars. Mr. Wang Zhaojia (the president of BBMA) is a vice president of the association but is not involved in day to day management.

China Heat and Sound Insulation Materials Association (中國絕熱隔音材料協會) — Governed by the SASAC of the State Council, the Ministry of Civil Affairs and China Building Materials Federation, it is a nation-wide association established in 1987. The association gathers statistics and assists in the formulation of relevant industry development policies and industrial standards.

China ALC Association (中國加氣混凝土協會) — Governed by the SASAC of the State Council and China Building Materials Federation, it is a nation-wide association established in 1981. The association gathers statistics and assists in the formulation of relevant industrial standards.

Association of China Refractories Industry (中國耐火材料行業協會) — Governed by the Ministry of Civil Affairs, it is a nation-wide association established in 1990. The association gathers statistics, conducts research and assists in the formulation of relevant industry development policies and industrial standards. Mr. Feng Yunsheng, the chairman and general manager of Tongda Refractory, is a vice president of the association, but is not involved in day to day management.

OVERVIEW

Our principal businesses include cement and modern building materials production, property investment and management and property development, all of which are subject to various regulations in the PRC. The regulations focus on various aspects including production, quality control, environment protection and property development and management. Below is a summary of some regulations which are important to our Group. For a comparison of the laws between Hong Kong and the PRC, see "*Appendix VI — Summary of Principle PRC and Hong Kong Legal and Regulatory Provisions*".

Our PRC legal adviser is of the view that, except the non-compliance as otherwise disclosed in "*Risk Factors — Risks Relating to Our Cement Business — We may be liable for the mining activities undertaken before we obtained the relevant mining rights certificates*", "*— Risks Relating to Our Cement Business — We may be liable for potential environmental liabilities of Dingxin Cement*", "*— Risks Relating to Our Cement Business — Xinbeishui operated a power plant without a valid licence from the time of acquisition at the end of 2006 until 31 December 2008 and may be subject to a fine*", "*— Risks Relating to Our Property Development Business — We may fail to obtain, or experience material delays in obtaining, necessary government approvals for our property development projects*", the title defects disclosed in "*Business — Land and Buildings*" and the matters disclosed in "*Business — Legal and Regulatory Matters*", our Group is in compliance with applicable laws and regulations in all material aspects and has obtained all necessary permits, licences and approvals for its current business operations in all material aspects.

CEMENT

Production qualifications

The *PRC Regulations on Administration of Production Licence for Industrial Products* (中華人民共和國工業產品生產許可證管理條例), together with relevant implementation rules, implement a system for the administration of production licences for important industrial products. Under the regulations, the Government formulated, and from time to time revised, the *Catalogue of Products Subject to Licensing for Industrial Production* (國家實施工業產品生產許可證產品目錄) ("**Production Licence Catalogue**"), requiring a production licence be secured prior to manufacturing, selling or commercially utilising the products listed in the catalogue. Cement is listed in the Production Licence Catalogue and the details of such licence are further provided in the rules for the production licence of cement products.

According to the relevant decision issued by the State Council, the *Development Policy of Cement Industry* ("**Order No.50**") and relevant notice and documents, a cement producer must meet the following conditions, among others, before acquiring a cement production licence:

- the cement producer must not operate with outdated production methods, techniques or equipment after 2008 and local government shall shut down or order a merger of cement companies with capacity of less than 200,000 tonnes per year;

- the cement grinding stations constructed after 17 October 2006 shall have an annual output of at least 600,000 tonnes; and

- the cement producer must not construct or expand projects using outdated production methods, or to expand the production capacity by using those methods to the extent that the expansion exceeds the capacity limits in place on 13 April 2006.

Pursuant to the *Administration Regulation of Bulk Cement* (散裝水泥管理辦法), jointly promulgated on 29 March 2004 by MOFCOM and various other government authorities, the administrative authority at the county level or above is responsible for the administration and supervision of bulk cement production. Cement production enterprises may produce bulk cement after obtaining relevant production licences. Entities and individuals engaged in the production, operation and utilisation of bulk cement must adopt measures to ensure that the facilities and sites for production, loading and unloading, transport, storage and utilisation are in compliance with safety and environmental protection requirements.

Before an enterprise is licensed to manufacture a product listed in the Production Licence Catalogue, it must submit an application to the relevant bureau of quality and technological supervision. After each bureau agrees to review the application, the provincial licence office or examination authority shall conduct an inspection on the enterprise, including an on-site examination of the enterprise and inspection of the product.

The application documents and results of the inspection are submitted to the national level licence office for review. If the conditions for granting the licence are satisfied, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC will issue a production licence, which is normally valid for a period of five years. A renewal of this licence must be filed six months before the expiration date.

Once licensed, an enterprise must ensure that its product quality is stable and that it remains in compliance with all relevant standards. Any material change in the production conditions, means of inspection or technology or techniques employed in the production process (including an alteration of the production site or a major technical renovation on production lines) warrants an on-site examination and product inspection. Except as otherwise disclosed, our cement subsidiaries have obtained the necessary production licences for the production of cement.

Cement production based on the NSP method

It is the policy of the PRC to promote (i) large-scale cement production using the NSP method, (ii) industry restructuring or consolidation and (iii) an upgrade of the cement industry. The *Guidance Catalogue of Industrial Structure Adjustment* (產業結構調整指導目錄) issued by the NDRC, encourages the establishment of producers using NSP production method with a daily capacity of 4,000 tonnes or above (or a daily capacity of 2,000 tonnes in western areas of the PRC). This policy also encourages cement producers to make use of industrial or residential waste.

Several Opinions on Accelerating Cement Industry Structure Adjustment (關於加快水泥工業結構調整的若干意見) reiterated the PRC Government's support of cement production based on the NSP method and stated that cement production using outdated methods is strictly discouraged. For example, cement produced by vertical kilns methods is prohibited from being used in key construction projects, such as high speed roads, airports, ports, bridges and culverts and framework of buildings. The cement produced by this method is also prohibited from being used in commercial concrete mixing stations.

According to Order No. 50, enterprises are encouraged to employ the NSP method, especially in large-scale projects. Specifically, Order No. 50 encourages the establishment of NSP facilities with a daily production capacity of 4000 tonnes or more, large-scale clinker bases and large-scale clinker grinding stations in close proximity to markets. Enterprises with technological, management and capital advantages are encouraged to invest in regions with suitable conditions. For example, the PRC Government requires that all newly established cement production lines must secure sufficient resources to support operations for at least 30 years, and that all newly established cement grinding stations should have a minimum annual production capacity of 600,000 tonnes. In addition, the State Electricity Regulatory Commission and the NDRC have jointly implemented an electricity pricing scheme less favourable to the operation of projects using the technologies discouraged by the Government, including vertical kilns. This policy also outlines a goal for 70% of all PRC cement production to be done by the NSP method by 2010.

In furtherance of these goals, on 31 December 2006, the NDRC, the MLR and the PBOC jointly issued a list of enterprises entitled to support from the State on the national level. See "*Industry Overview — Segment Analysis — Cement and concrete market — Competition*". Our Parent and Taihang Huaxin are on this list.

We produce cement through the NSP production method. For the specific impact of these rules on our NSP cement production, see "*Industry Overview — Segment Analysis — Cement and concrete market — Competition*", "*Risk Factors — Risks Relating to Our Cement Business — Changes in Government policies could have an adverse effect on our cement business*" and "*Business — Cement Segment — Our cement segment's competitive strengths*".

Environmental protection requirements

Environmental protection administration for cement construction projects

The regulations promulgated by the State Council on environmental protection of construction projects, together with the detail classification catalogue issued by the state environmental protection administration of China, implement an administrative system for environmental protection of construction projects based on classification according to the extent of the impact on the environment. According to that catalogue, an environmental impact report must be produced for construction projects.

According to relevant regulations and notice issued by the state environmental protection administration of China, environmental impact assessment reports in connection with construction projects must be examined and approved at various government levels. In respect of those projects listed in the relevant notice, which includes cement clinker production projects with a daily production capacity of 5,000 tonnes or more, the environmental impact assessment reports must be examined and approved by the Ministry of Environmental Protection.

Pursuant to the *Law of the PRC on Environment Protection* (中華人民共和國環境保護法), the *Law of the PRC on Environmental Impact Assessment* (中華人民共和國環境影響評價法), and the relevant regulations, with respect to construction projects, facilities for pollution prevention must be designed, constructed and put into operation at the same time as the project itself. Environmental impact reports must be produced and approved by competent environmental protection authorities before the construction projects commence, and environmental protection completion inspection must be applied for. Failure to obtain approval of environmental impact assessment may result in suspension of construction and fines of up to RMB200,000. Failure to apply for or pass environmental protection completion inspection may result in suspension of operation and fines of up to RMB100,000.

Pollution control

According to various PRC laws and regulations on the prevention and control of pollution, all legal persons, organisations and self-employed industrial and commercial households that directly or indirectly discharge pollutants into the environment ("**Pollutant Dischargers**") are required to apply for a pollutant discharge licence.

According to various regulations, measures and notices on the collection of pollutant discharge fees, Pollutant Dischargers must declare the type and amounts of pollutants discharged and provide relevant materials to the environment protection administration departments. All Pollutant Dischargers have to comply with provisions of the *Law of the PRC on Environment Protection* and relevant laws and regulations and make annual declarations and registrations of discharged pollutants to the relevant authorities. Pollutant Dischargers shall also pay discharge fees accordingly.

We confirm that our subsidiaries, including Hainan Dihao Furniture Co., Ltd. (海南帝豪家具有限公司) Beijing Building Materials Testing Centre Co., Ltd. (北京市建築材料檢驗中心有限公司) and Inner Mongolia Jingzhongyuan Ceramic Accessory Co., Ltd. (內蒙古京中源陶瓷配套有限公司) have not been subject to any material regulatory proceedings for environmental protection irregularities.

Environmental protection inspection

According to various notices on the environmental protection inspection, environmental protection inspections must be carried out on enterprises in heavily polluting industries that apply for listing. Industries temporarily defined as heavily polluting industries are metallurgy, chemicals, petro-chemicals, coal, heat power, construction materials, paper production, brewing, pharmaceuticals, fermentation, textile, leather making and mining. The enterprises subject to inspection include branches, wholly owned subsidiaries and manufacturing companies engaging in heavily polluting operations, subsidiaries of the enterprises applying for inspection and enterprises engaging in heavily polluting industries with raised funds.

According to the *Guidelines on Environmental Protection Inspection on Enterprises Applying for Initial Listing or Listed Enterprises Applying for Refinancing* (首次申請上市或再融資的上市公司環境保護核查工作指南), the Ministry of Environmental Protection must carry out an environmental protection inspection on companies engaging in heating, steel, cement and electrolytic aluminum production and manufacturing companies in other heavily polluting industries across provinces and issue inspection opinions to the CSRC. If the company is applying for an initial public offering, it shall include the inspection opinions of the state environmental protection administration in its application documents. In the absence of such inspection opinions, the application may not be accepted by the CSRC.

Environmental protection for 2008 Olympic Games and Paralympic Games

On 4 April 2008, Beijing People's Government issued the *Announcement on Safeguard Measures adopted by Beijing Municipal People's Government for the Air-Quality of Beijing during the Periods of 2008 Olympic Games and Paralympic Games* (關於發佈2008年北京奧運會殘奧會期間本市空氣質量保障措施的通告),

which adopted certain measures regarding the air quality of Beijing for the Olympic games. These measures required every construction project to stop earthwork and concrete pouring and instead to carry out relevant planting and covering work on construction sites from 20 July 2008 to 20 September 2008.

As part of a scheme to stop or restrain the production of key polluting enterprises, all cement production enterprises, clinker grinding stations, concrete mixing stations as well as stone quarries and lime production enterprises in the southwestern part of Beijing were generally required to suspend production. In addition, as part of the scheme to reduce organic waste gas discharge, activities including painting in the open air, construction spraying and brushing with volatile organic solvents were suspended in Beijing from 20 July 2008 to 20 September 2008. Furthermore, companies were required to suspend printing, furniture production and other processes discharging volatile organic matter, if such processes failed to reach the discharge standards in Beijing.

Cement product quality
According to various laws and regulations on product quality and quality management of cement enterprises, cement enterprises shall strictly observe relevant state regulations and standards, actively adopt the GB/T19000-ISO9000 series standards and prepare documentation for establishing quality management systems to ensure efficient operation.

MODERN BUILDING MATERIALS

Production qualifications

Production licences
According to the Production Licence Catalogue and relevant implementing rules, in order to produce, sell or operate man-made plates and some refractory materials, we are required to possess production licences.

3C Certifications for decoration materials
Pursuant to the *Regulations on Administration of Mandatory Products Certification* (強制性產品認證管理規定) and relevant announcement, solvent coating for wood ware, one of our decoration and fitting products, shall not be sold, imported or used in production or operations unless a certification has been received, a certificate issued by a designated certification organisation has been acquired and a mark of certification has been displayed.

Product quality
According to the *Law of the PRC on Quality of Products*, the person in charge of a company producing building materials shall be fully responsible for product quality. Under the law, the company is required to establish and improve quality systems, prepare quality manuals, and implement relevant provisions in strict accordance with GB/T19000 and ISO 9000 standards.

Logistics
According to the *Opinions on Promotion of Development of Modern PRC Logistics Industry* (關於促進我國現代物流業發展的意見), logistics enterprises are business organisations that are equipped with or lease necessary transportation tools and storage facilities, and are capable of operating at least transportation (or a transportation agency) and storage businesses. These enterprises should also be

capable of providing integrated services such as transportation, agent, storage, loading and unloading, processing, collection and distribution, and have information management systems applicable to their own business.

PROPERTY DEVELOPMENT AND MANAGEMENT

Property development

Requirements on the use of land for property development

According to the *Rules on the Grant of State-owned Land Use Rights for Construction Through Public Tender, Auction or Listing for Bidding* issued by the MLR, land use rights for construction purposes (including for industrial use, commercial use, tourism, entertainment and commodity housing development) must be granted by means of public tender, auction or listing for bidding. Land use rights certificates must not be issued before the land premium has been fully paid up pursuant to the land grant contract and the land use rights certificates must not be issued separately according to the proportion of the payment of the land premium.

The *Notice on Promoting the Saving and Intensification of Use of Land* (the "**Notice**"), promulgated by the State Council on 3 January 2008, requires that existing construction land be fully and effectively used and that farm land be preserved. The notice reinforced the existing policy in respect of idle land by stipulating, among other things, that disposal policies for idle land must be strictly implemented, idle land fees be assessed at a rate equal to 20% of the land price for land left idle for over one year but less than two years, and additional surcharge in relation to the idle land be collected. The notice urges financial institutions to exercise caution when processing loan applications from property developers that have failed to commence construction, complete development of at least one-third of the land area or invest at least 25% of the total investment within one year of the construction date provided in the land grant contract. The notice also reinforces a requirement that not less than 70% of residential land must be used for developing low-rent housing, economically affordable housing, reasonably priced housing and units with a GFA of less than 90 sq.m.

Qualification of property developing enterprises

According to the *Law of the PRC on Urban Real Estate Administration* and relevant administrative regulations, property development enterprises shall be duly incorporated enterprises and shall apply for certification of enterprise qualification (the "**Qualification Certificate**").

Property development enterprises are classified into four classes, as examined and approved by relevant authorities. Class 1 qualification is subject to preliminary examination by the construction authority at the provincial level, and final approval by the construction authority under the State Council. Procedures for assessing class 2 or lower class qualifications developers are formulated by the construction authority at the provincial level. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification assessment authority. After a newly established property developer reports its establishment to the property development authority, the latter shall issue a provisional Qualification Certificate to eligible developer's within 30 days of receipt of the report.

The provisional Qualification Certificate is effective for one year from the date of issuance. Property development authority may extend the validity period for not more than two years after considering the actual business situation of the enterprise. The property developer must apply with the property development authority for the qualification classification within one month before the expiration of the provisional Qualification Certificate. If an enterprise has no project within one year of obtaining the provisional Qualification Certificate, the validity period must not be extended.

Except as disclosed otherwise, our subsidiaries currently engaging in property development have all obtained their respective Qualification Certificates.

Special regulations on developing economically affordable housing, reasonably priced housing and low-rent housing

In July 2007, the Beijing Planning Commission issued *Beijing's "11th Five Year Plan" (2006-2010) regarding Land Planning for Economically Affordable Housing, Low-Rent Housing and Reasonably Priced Housing* (北京市"十一五"保障住房及"兩限"商品住房用地布局規劃(2006年—2010年)) (the **"11th Five Year Plan"**). According to the 11th Five Year Plan, construction projects in Beijing shall include a certain proportion of economically affordable housing, low-rent housing and reasonably priced housing. Accordingly, since 1 May 2007, ordinary commodity housing construction projects developed outside the Third Ring Road of Beijing and beyond government land reserve control area, which have no planning permits or hold permits for primary land development only, must include economically affordable housing, low-rent housing and reasonably priced housing. For residential projects converted from non-residential ones developed within the Third Ring Road but falling outside of government land reserve control area, the developer may, if necessary, be required to develop supplementary economically affordable housing, low-rent housing and reasonably priced housing accordingly. Within economically affordable housing, low-rent housing and reasonably priced housing projects, developers may construct a certain proportion of ordinary commodity housing.

According to the *Administrative Measures on Economically Affordable Housing* (經濟適用住房管理辦法), economically affordable housing is a type of housing for implementing social security policies and are provided to urban low-income families with difficulties in affording housing. Supported with preferential policies from the Government, economically affordable housing is restricted in terms of building design and price and adopts reasonable construction standards.

The affordable housing construction projects are exempted from fees for urban infrastructure and other administrative charges and contribution to government funds. The construction costs for infrastructure outside the economically affordable housing project shall be borne by the Government. The economically affordable housing developers may apply to commercial banks for house development loans with the project under construction as collateral.

Economically affordable housing developments can generate profits up to, but no more than, 3% of the total construction cost. The base price and its floating range is determined and disclosed to the public by relevant government bodies. For further details on this pricing structure, see *"Risk Factors — Risk Related to Our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns"*.

Where economically affordable housing is to be constructed in an ordinary property development project, the relevant land grant contract shall cover such terms as the total construction area of the economically affordable housing, GFA of each unit, number of units, proportions of units of different sizes, construction standards and delivery and repurchase after construction is completed. The GFA for each unit of economically affordable housing should be limited to approximately 60 sq.m.

The construction of economically affordable housing must be coordinated by the government and carried out by enterprises based on market principles. A proper property development enterprise with appropriate qualifications and social responsibilities may be selected through a bidding process. The project can also be constructed directly by economically affordable housing administrative and implementing agency as determined by municipality and county governments.

The planning, design and construction of economically affordable housing must be carried out in accordance with the requirements for developing energy-efficient, land-saving and environmentally friendly houses. Designers, developers and construction supervisors of economically affordable housing projects are chosen through a bidding process.

Low-rent housing is also provided for social security purpose. According to the *Measures to Secure Low-rent Housing* (廉租住房保障辦法), low-rent housing is provided to urban low-income families with difficulties in affording housing as a social security scheme. Low-rent housing is provided through monetary subsidies or the direct grants of such housing to low-income families, with the former as the primary means of providing such housing.

The reasonably priced housing refers to ordinary commodity housing provided to medium- and low-income families or certain others who qualify at low or medium prices and with small or medium GFA per suite. Because the GFA per square metre and house prices are controlled, developers of reasonably priced housing are chosen through a bidding process based on land premium and housing price.

We have developed five economically affordable housing projects (Jiandongyuan Garden, Jianxinyuan Garden, Shuanghui Living District, Jingyu Lijingyuan and Chaoyang New City) and two reasonably priced housing project (Jinyu Meiheyuan and Jinyu Jiaheyuan). Chaoyang New City also contains low-rent housing. For further details on these projects, see "*Business — Property Development Segment — Description of our projects*".

Pre-sales and sales

Under the *Measures for Administration of Sale of Commodity Housing* (商品房銷售管理辦法) promulgated by the Ministry of Construction in April 2001, sale of commodity housing can be both a post-completion and pre-completion phase of a property development. Commodity housing may be put to post-completion sale only when the post-conditions for such sale have been satisfied. Before post-completion sale of a commodity housing, a property developer shall submit a property development project manual and other documents evidencing the satisfaction of pre-conditions for a post-completion sale to the property development authority for its record. Any pre-completion sale of commodity housing shall be conducted in accordance with the *Measures for Administration of Pre-completion Sale of Commodity Housing* (城市商品房預售管理辦法) and the *Regulations on Administration of Urban Property Development*. According to such measures and regulations, a permit must be obtained before a commodity housing may be put to pre-completion sale. A developer intending to sell a commodity housing before its completion must make the necessary pre-completion sale registration with the property development authority of the relevant city or county to obtain a permit for pre-completion sale of commodity housings. A commodity housing may only be sold before completion provided that: (i) the land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained, (ii) a planning permit for construction projects and a construction permit have been obtained, and (iii) the funds invested in the development of the commodity housing put to pre-completion sale represent 25% or more of the total investment in the project and the progress of construction works and the completion and delivery dates have been ascertained. Pre-completion sale of commodity housing can only be carried out after the pre-sale permit has been obtained. Under the measures and law mentioned above, the pre-sale proceeds of commodity housing may only be used to fund the property development costs of the relevant projects.

Property developing enterprises' responsibilities on quality and safety

Construction entities are responsible for the quality of their projects and assume responsibility for such, according to the *Construction Law of the PRC* (中華人民共和國建築法) and relevant regulations.

An environmental impact assessment report must be submitted to the relevant authorities for approval before commencement of construction of a property project. Failing to do so, the relevant environmental authority may issue orders to suspend construction of the project until the report is submitted and approved by the local environmental authority and may impose a fine of an amount between RMB50,000 and RMB200,000.

Property management services

According to the *Regulations on Property Management* (物業管理條例) (the "**Regulations on Property Management**"), and the *Administrative Measures on the Qualification of Property Management Service Enterprises* (物業管理企業資質管理辦法), property management refers to activities such as maintaining, keeping and managing houses, auxiliary facilities and related grounds and keeping the environmental hygiene and order of relevant areas by enterprises selected by owners and as agreed in the property management contract concluded between the owners and enterprises. The Regulations on Property Management implements a qualification scheme for monitoring property management enterprises. The *Property Law of the PRC* (中華人民共和國物權法) further provides that property owners have collective rights to choose or dismiss a property management company.

There are three classes of property management company qualification (Class 1, Class 2 and Class 3), which are issued and overseen by government at different levels. Property management enterprises with a Class 1 qualification may undertake all property management projects. Property management enterprises with a Class 2 qualification may manage residential projects of less than 300,000 sq.m. and non-residential projects of less than 80,000 sq.m. Property management enterprises with Class 3 qualification may manage residential projects of less than 200,000 sq.m. and non-residential projects under 50,000 sq.m. Newly-established property service enterprises are issued a Class 3 qualification for a provisional period of one year. After this provisional year has expired, and upon receipt of the permanent certification, no future qualification or certification procedures are necessary.

HISTORY AND DEVELOPMENT

Establishment of our Company

On 6 December 2005, our Parent (BBMG Group Company Limited) submitted an application to Beijing SASAC to reorganise its group structure and to establish our Company. On 22 December 2005, we were established as a joint stock company and were subsequently transformed into a sino-foreign investment joint stock company (with a foreign shareholding of less than 25.0%) on 5 April 2006.

We had five Promoters when we were established, namely our Parent and four other entities. Our registered share capital was RMB1.8 billion divided into 1.8 billion Shares, and our Parent subscribed for 60.84% of our Shares by contributing certain assets to our Company as set out in the valuation report dated 31 October 2005. The other four Promoters subscribed to the remaining aggregate of 39.16% of our registered share capital by cash injection according to their proposed subscription portion stated in the promoters' agreement.

The Reorganisation

The Reorganisation was primarily aimed and implemented to provide a clear delineation between us and our Parent Group. In connection with the Reorganisation, our Parent injected its core business and major operational assets into our Company. Upon completion of the Reorganisation, we held more than 100 subsidiaries that principally operate in four segments: cement, modern building materials, property investment and management and property development.

The Reorganisation involved:

- injecting major operational entities into our Company by our Parent at the time of our establishment;
- transforming wholly State-owned enterprises into limited liability companies;
- transferring equity interests in enterprises between our Group and our Parent;
- establishing new companies; and
- acquiring equity interests from parties other than our Parent.

Injection of major operational entities

Our Parent contributed its interests in the following major operational entities to us at the time of our establishment[(1)]:

	Target company	Percentage of interest injected
1.	Beijing Liulihe Cement Plant (北京市琉璃河水泥廠)	63.2%
2.	Beijing Yanshan Cement Plant (北京市燕山水泥廠)	100.0%
3.	Beijing Cement Plant Comprehensive Service Company (北京水泥廠綜合服務公司)	100.0%
4.	Beijing Jinchao Decoration Materials Company (北京市金巢裝飾材料公司)	100.0%

	Target company	Percentage of interest injected
5.	Tiantan Furniture	83.6%
6.	Beijing Woodworking Factory (Materials Branch Plant) (北京市木材廠（含裝飾材料分廠))	100.0%
7.	Great Wall Furniture Company (北京市長城傢俱公司)	100.0%
8.	Beijing Tiantan Allied Industrial Development Company (北京天壇聯合實業發展公司)	100.0%
9.	BBMG Property Management	60.0%
10.	Beijing Gaoling	75.0%
11.	Jinhuyuan Property Management	20.0%
12.	Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司)	74.7%
13.	Beijing GEM Real Estate Development Company (北京金隅嘉業房地產開發公司)	100.0%
14.	Beijing Fumin House Co., Ltd. (北京富民住房股份有限公司)	100.0%
15.	Beijing City Jianyuan Hotel (北京市建苑賓館)	100.0%
16.	BBMG Century City	80.0%
17.	Beijing Fengshan Hot Spring Resort (北京鳳山溫泉度假村)	100.0%
18.	BSBM	100.0%
19.	Beijing Aerated Light-weight Concrete Plant (北京市加氣混凝土廠)	100.0%
20.	Beijing Light-weight Building Materials Company (北京市輕型建築材料公司)	100.0%
21.	Beijing Xiliu Building Materials Industry and Trade Company (北京市西六建材工貿公司)	100.0%
22.	Beijing Building Hardware Scientific Research and Experiment Plant (北京市建築五金科研實驗廠)	100.0%
23.	Beijing Ceramic & Porcelain Factory (北京市陶瓷廠)	100.0%
24.	Beijing Building Coating Plant (北京 市建築塗料廠)	100.0%
25.	Beijing No. 1 Concrete Product Plant (北京市混凝土製品一廠)	100.0%
26.	Beijing Modern Building Materials Company (北京市現代建築材料公司)	100.0%
27.	Beijing Yaxin Special Building Materials Co., Ltd. (北京亞新特種建材有限責任公司)	100.0%
28.	Beijing Decoration Paper Factory (北京市裝飾紙廠)	100.0%
29.	Beijing Building Materials Academy of Science Research (北京市建築材料科學研究院)	100.0%
30.	Beijing Construction Hardware Decoration Materials Company (北京市建築五金裝飾材料工業公司)	100.0%
31.	Beijing Construction Engineering Decoration Company (北京市建築裝飾設計工程公司)	100.0%
32.	Beijing Dongjiao Woodworking Factory (北京市東郊木材廠)	100.0%
33.	Beijing Jiandu Design and Research Institute (北京建都設計研究院)	100.0%
34.	Beijing Xisanqi High Tech New Building Material City Management and Development Company (北京市西三旗高新建材城經營開發公司)	100.0%
35.	Beijing General Corporation of Building Materials Group Supply and Marketing Company (北京建築材料集團總公司供銷公司)	100.0%

	Target company	Percentage of interest injected
36.	Beijing Building Materials Boiler and Pressure Vessel Supervision and Inspection Institution (北京市建材鍋爐壓力容器檢驗所)	100.0%
37.	Beijing Building Materials Boiler Installation and Engineering Department (北京市建材鍋爐安裝工程部)	100.0%
38.	Beijing Building Materials Industry Metrological Supervision Institute (北京市建築材料工業計量管理所)	100.0%
39.	NanoMei	80.0%
40.	Beijing Xijiao Aggregate Plant (北京市西郊砂石廠)	100.0%
41.	Beijing Sanlian Concrete Co., Ltd. (北京三聯混凝土有限公司)	58.8%
42.	Beijing Beima Building Decoration Materials Factory (北京北瑪建築裝飾材料廠)	100.0%
43.	Beijing Glassfiber Reinforced Plastic Product Factory (北京市玻璃鋼製品廠)	100.0%
44.	Beijing Bosha Industry and Trade Co., Ltd. (北京市博厦工貿公司)	100.0%
45.	Beijing Building Materials Machinery Factory (北京市建築材料機械製造廠)	100.0%
46.	Beijing Plumbing and Heating Equipment Factory (北京市水暖器材一廠)	100.0%
47.	Beijing Building Materials Terrazzo Factory (北京市建材水磨石廠)	100.0%
48.	Beijing Woodworking Machinery Factory (北京市木工機械廠)	100.0%
49.	Beijing Guanghua Woodworking Factory (北京市光華木材廠)	100.0%
50.	Beijing Oakland Building Waterproofing Materials Co., Ltd. (北京奧克蘭建築防水材料有限公司)	100.0%
51.	Beijing Nanhu Industrial Co., Ltd. (北京市南湖實業公司)	100.0%
52.	Beijing Cement Machinery Factory (北京水泥機械總廠)	100.0%
53.	Beijing Granite Factory (北京花崗石廠)	100.0%
54.	Beijing Stone Company (北京石材公司)	100.0%
55.	Beijing Marble Factory (北京市大理石廠)	100.0%
56.	Beijing General Corporation of Building Materials Group Wall Materials Company (北京建築材料集團總公司牆體材料公司)	100.0%
57.	Beijing New Type Fire Protection Equipment Factory (北京市新型防火裝備廠)	100.0%
58.	Beijing Doors and Windows Company (北京市門窗公司)	100.0%
59.	Sanchong Mirrors	49.0%
60.	Xiahuayuan Star Building Materials Co., Ltd. (下花園星牌建材有限責任公司)	100.0%
61.	BBMIEC	100.0%

Note:

(1) On 22 April 2006, our shareholders resolved at a shareholders meeting that four State-owned institutions (Beijing Longfengshan Sands and Stone Factory (北京市龍鳳山砂石廠), Beijing Longshuncheng Chinese Style Furniture Factory (北京市龍順成中式傢俱廠), Beijing No. 54 Occupational Skill Testing Institution (北京市第五十四職業技能鑒定所) and Beijing Hazardous Waste Materials Treatment Centre (北京市危險廢物處置中心)) originally intended to be contributed by our Parent to our Company at the time of our establishment would not be contributed because these institutions were, as applicable, soon to be dissolved, operating on collectively owned lands, engaging in business that is not the core part of our Group's operations or established for special purposes as designated and financed by the PRC Government. Our shareholders further resolved that, instead of contributing these four State-owned institutions into our Company, our Parent would settle the outstanding registered capital balance in cash.

Transformation of wholly State-owned enterprises into limited liability companies

After our establishment and prior to the Listing, approximately 40 of our subsidiaries were transformed from wholly State-owned enterprises into limited liability companies.

Transfer of equity interests in enterprises between our Group and our Parent

Transferor	Target company and interest transferred	Transferee	Consideration	Our direct/indirect shareholding interest in the target company after transfer
BBMG Corporation	Beijing Yanshan 100.0%	BBMG Group Company Limited	RMB181,353,400[(1)]	Nil
BBMG Corporation	Beijing Fumin House Co., Ltd. (北京富民住房股份有限公司) 100.0%	BBMG Group Company Limited	RMB181,353,400[(1)]	Nil
BBMG Corporation	Jinhaiyan Glass Wool 59.0%	BBMG Group Company Limited	RMB181,353,400[(1)]	Nil
Jinhaiyan Assets Management	Jinhaiyan Glass Wool 41.0%	BBMG Group Company Limited	RMB23,755,300	Nil
BBMG Corporation	Beijing Furunwu Building Materials Supply and Sales Co., Ltd. (北京富潤屋建築材料供銷有限責任公司) 100.0%[(3)]	BBMG Group Company Limited	RMB181,353,400[(1)]	Nil
BBMG Corporation	Beijing Building Materials Boiler and Pressure Vessel Supervision and Inspection Institution (北京市建材鍋爐壓力容器檢驗所) 100.0%	BBMG Group Company Limited	RMB181,353,400[(1)]	Nil

Transferor	Target company and interest transferred	Transferee	Consideration	Our direct/indirect shareholding interest in the target company after transfer
BBMG Corporation	Beijing Building Materials Industry Metrological Supervision Institute (北京市建築材料工業計量管理所) 100.0%	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Building Materials Boiler Installation Co., Ltd. (北京建材鍋爐安裝有限責任公司) 100.0%	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Nanhu Business Development Co., Ltd. (北京市南湖商務有限公司) 100.0%[4]	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Lvdushangke Science and Technology Co., Ltd. (北京綠都尚科科技有限公司) 100.0%[5]	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Shuiji Science and Technology Trade Co., Ltd. (北京水機科貿有限公司) 100.0%	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Jingshi-Huaxin Stone Industry Co., Ltd. (北京京石華信石業有限公司) 100.0%[6]	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司) 100.0%[7]	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Zhongweisenhai Property Management Co., Ltd. (北京中威森海物業管理有限公司) 100.0%	BBMG Group Company Limited	RMB181,353,400[1]	Nil

Transferor	Target company and interest transferred	Transferee	Consideration	Our direct/indirect shareholding interest in the target company after transfer
BBMG Corporation	Beijing Oakland Building Waterproofing Materials Co., Ltd. (北京奧克蘭建築防水材料有限公司) 100.0%	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Jinchao Decoration Materials Co., Ltd. (北京市金巢裝飾材料有限公司) 100.0%	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Building Hardware Decoration Materials Industry Co., Ltd. (北京市建築五金裝飾材料工業有限公司) 100.0%[8]	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) 100.0%[9]	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司) 100.0%[10]	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Decoration Paper Plant Co., Ltd. (北京市裝飾紙廠有限責任公司) 100.0%	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Yaxin Special Building Materials Co., Ltd. (北京亞新特種建材有限責任公司) 100.0%	BBMG Group Company Limited	RMB181,353,400[1]	Nil
BBMG Corporation	Beijing Pinggu 100.0%[2]	BBMG Group Company Limited	RMB2,912,700	Nil

Transferor	Target company and interest transferred	Transferee	Consideration	Our direct/indirect shareholding interest in the target company after transfer
Liulihe Cement	Beijing Xinyuan Mineral Industry Co., Ltd. (北京新元礦業有限責任公司) 97.08%	BBMG Assets Operation and Management Co., Ltd. (北京金隅資產經營管理有限公司)	RMB53,463,300	Nil
Liulihe Cement	Beijing Xinshan Mineral Industry Co., Ltd. (北京鑫山礦業有限責任公司) 75.23%	BBMG Assets Operation and Management Co., Ltd. (北京金隅資產經營管理有限公司)	RMB2,387,000	Nil
BBMG Group Company Limited	BBMT 100.0%	BBMG Corporation	RMB804,315,783	100.0%
BBMG Group Company Limited	Dachang BBMG 100.0%	BBMG Corporation	RMB10,000,000	100.0%
Beijing Hazardous Waste Materials Treatment Centre (北京市危險廢物處置中心)	BBMG Mangrove Environmental 0.67%	BBMG Corporation	RMB1,236,600	100.0%
BBMG Group Company Limited	Tongda Refractory 100.0%	BBMG Corporation	RMB37,164,100	100.0%
BBMG Group Company Limited	Liulihe Cement 36.8%	BBMG Corporation	RMB171,233,771.76	100.0%
BBMG Group Company Limited	Gongyi Tongda Technology 75%	Tongda Refractory	RMB26,002,500	57.0%
BBMG Group Company Limited	Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司) 25.3%	BBMG Corporation	RMB2,500,800(11)	100.0%
BBMG Group Company Limited	Beijing Gaoling 25%	BBMG Corporation	RMB132,171,400(12)	100.0%

Notes:

(1) According to the Beijing SASAC's approval dated 25 December 2007, we transferred our interests in 20 enterprises to our Parent for an aggregate consideration of approximately RMB181,353,400. These 20 enterprises were transferred to our Parent in order to streamline our corporate structure, as most of these enterprises are non-operating enterprises with business activities focusing on providing social benefits to their employees, while others will cease to operate in the near future or engage in operations that were not in full compliance with PRC law.

(2) As part of the expansion of our business, we acquired Beijing Pinggu from two independent third parties in February 2007 at a relatively low consideration due to its non-compliance with environmental protection requirements and certain defects in its land title. Such irregularities had not been fully rectified when our Group underwent the

Reorganisation in preparation for the Listing. Therefore, in view of such irregularities, and for the best interest of our Group as a whole, our Group decided to exclude Beijing Pinggu from the group to be listed and transferred our interests in Beijing Pinggu to our Parent in December 2007. For further details, see "*Relationship with Controlling Shareholder — Competition — Our Parent's Retained Businesses — Beijing Pinggu*".

(3) According to Assets Valuation Report of Beijing Furunwu Building Materials Supply and Sales Co., Ltd. (北京富潤屋建築材料供銷有限責任公司) dated 20 November 2007, our interests in Beijing Ganlujiayuan Property Management Co., Ltd. (北京甘露家園物業管理有限責任公司), a wholly owned subsidiary of Beijing Furunwu Building Materials Supply and Sales Co., Ltd. (北京富潤屋建築材料供銷有限責任公司) were transferred to our Parent at the same time that we transferred our 100.0% equity interest in Beijing Furunwu Building Materials Supply and Sales Co., Ltd. (北京富潤屋建築材料供銷有限責任公司) to our Parent.

(4) According to Assets Valuation Report of Beijing Nanhu Business Development Co., Ltd. (北京市南湖商務有限公司) dated 20 November 2007, our interests in Beijing Nanhu Property Management Center (北京南湖物業管理中心), a wholly owned subsidiary of Beijing Nanhu Business Development Co., Ltd. (北京市南湖商務有限公司) were transferred to our Parent at the same time that we transferred our 100.0% equity interest in Beijing Nanhu Business Development Co., Ltd. (北京市南湖商務有限公司) to our Parent.

(5) According to Assets Valuation Report of Beijing Lvdushangke Science and Technology Co., Ltd. (北京綠都尚科科技有限公司) dated 20 November 2007, our interests in Beijing Bowang Building Materials Factory (北京博旺建築材料廠), a wholly owned subsidiary of Beijing Lvdushangke Science and Technology Co., Ltd. (北京綠都尚科科技有限公司) were transferred to our Parent at the same time that we transferred our 100.0% equity interest in Beijing Lvdushangke Science and Technology Co., Ltd. (北京綠都尚科科技有限公司) to our Parent.

(6) According to Assets Valuation Report of Beijing Jinshihuaxin Stone Co., Ltd. (北京京石華信石業有限公司) dated 20 November 2007, our interests in Beijing Xindarui Property Management Co., Ltd. (北京信達瑞物業管理有限公司), a wholly owned subsidiary of Beijing Jinshihuaxin Stone Co., Ltd. (北京京石華信石業有限公司) were transferred to our Parent at the same time that we transferred our 100.0% equity interest in Beijing Jinshihuaxin Stone Co., Ltd. (北京京石華信石業有限公司) to our Parent.

(7) According to Assets Valuation Report of Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司) dated 20 November 2007, our interests in Beijing Chaoyang New City Property Management Co., Ltd. (北京潮陽新城物業管理有限公司), a wholly owned subsidiary of Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司), and Beijing Saiyi Colour Board Profile Co., Ltd. (北京賽易彩板型材有限公司), a subsidiary in which Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司) holds 88.2% equity interest were transferred to our Parent Group at the same time that we transferred our 100.0% equity interest in Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司) to our Parent.

(8) According to Assets Valuation Report of Beijing Building Hardware Decoration Materials Industry Co., Ltd. (北京市建築五金裝飾材料工業有限公司) dated 20 November 2007, our interests in Beijing Jianjin Property Management Co., Ltd. (北京建金物業管理有限公司), a wholly owned subsidiary of Beijing Building Hardware Decoration Materials Industry Co., Ltd. (北京市建築五金裝飾材料工業有限公司) were transferred to our Parent at the same time that we transferred our 100.0% equity interest in Beijing Building Hardware Decoration Materials Industry Co., Ltd. (北京市建築五金裝飾材料工業有限公司) to our Parent.

(9) According to Assets Valuation Report of Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) dated 20 November 2007, our interests in Beijing Building Decoration Design Studio (北京市建築裝飾設計所), a wholly owned subsidiary of Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) were transferred to our Parent at the same time that we transferred our 100.0% equity interest in Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) to our Parent.

(10) According to Assets Valuation Report of Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司) dated 20 November 2007, our interests in Beijing Fuminjinyuan Property Management Co., Ltd. (北京富民晉元物業管理有限責任公司) and Beijing Sanlian Stone Market Centre (北京市三聯石材市場中心), two wholly owned subsidiaries of Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司) were transferred to our Parent at the same time that we transferred our 100.0% equity interest in Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司) to our Parent.

(11) Pursuant to a share transfer agreement dated 15 October 2008 between our Parent and our Company, we acquired 25.3% of the equity interest in Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司) from our Parent and the consideration was the discharge of a portion of the debt owed by our Parent to our Group. The amount of debt being offset was approximately RMB2,500,800.

(12) Pursuant to a share transfer agreement dated 16 October 2008 between our Parent and our Company, we acquired 25.0% of the equity interest in Beijing Gaoling from our Parent and the consideration was the discharge of a portion of

the debt owed by our Parent to our Group. Our Company and our Parent, with the Beijing SASAC, approval dated 28 September 2008, used the appraised value of Beijing Gaoling as at 31 December 2007, which was RMB528,685,600, as the basis to determine the consideration for the acquisition of 25.0% equity interest of Beijing Gaoling. 25.0% of the appraised value of Beijing Gaoling as at 31 December 2007 was RMB132,171,400. Our Company discharged the equivalent amount of debt owed by our Parent to our Group as consideration.

Establishment of new companies

Prior to the Listing, we established certain new subsidiaries, including, BBMG Property, Xinbeishui, Zanhuang Cement, BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司), Dachang BBMG Jinhaiyan Glass Wool Co., Ltd. (大廠金隅金海燕玻璃棉有限公司) and Inner Mongolia BBMG Property Management Co., Ltd. (內蒙古金隅物業服務有限公司). For further details, see "— *Our Principal Subsidiaries*" below.

Acquisitions of equity interests

Prior to the Listing, we acquired equity interests from parties other than our Parent in the following companies:

Date of acquisition	Target company	Transferor	Percentage of equity interests acquired	Consideration	Our direct/indirect shareholding interest in the target company after the acquisition
27 May 2008	Sanchong Mirrors	Central Glass Co., Ltd. (中央硝子株式會社)	51.0%	RMB2,942	100.0%
18 March 2008	BBMG Logistics	China National Materials Storage and Transportation Corporation (中國物資儲運總公司)	50.0%	RMB1,500,000	100.0%
31 March 2008	Gongyi Tongda Technology	Mr. Xianming Li (李獻明)	25.0%	RMB8,667,500	100.0%
25 April 2007	Dingxin Cement	Beijing Huaye	77.7%	RMB481,150,000	77.7%
31 August 2007	Beijing Jihongfengrun	Greentown Holdings Group Co., Ltd. (綠城控股集團有限公司) and Chang Le (常樂)	100.0%	RMB10,000,000	100.0%
31 July 2008	Taihang Huaxin	China Huarong Asset Management Corporation (中國華融資產管理公司)	33.33%	RMB145,125,000	33.33%(1)

Note:

(1) Pursuant to the Taihang Huaxin Entrustment Agreement, our Parent agreed to entrust to us all the rights and benefit (except for some reserved matters) over and in the Entrusted Equity Interests. As such, we control an aggregate of 95.0% equity interests in Taihang Huaxin. For further details, see "*Relationship with Controlling Shareholder — Entrustment Agreement in respect of Taihang Huaxin*".

PROMOTERS

Our Promoters are our Parent, Sinoma, Hopeson, Beifang Real Estate and Tianjin Building Materials.

In consideration of the assets, operations and cash injected into our Company, we issued an aggregate of 1.8 billion Shares to our Promoters in the following amounts upon our establishment.

Name of Promoters	Number of Shares	Approximate percentage of shareholding at the date of our establishment
Parent	1,095,120,000	60.84%
Sinoma	239,580,000	13.31%
Hopeson	205,380,000	11.41%
Beifang Real Estate	136,800,000	7.60%
Tianjin Building Materials	123,120,000	6.84%
Total	**1,800,000,000**	**100.00%**

Our Parent is a wholly State-owned enterprise controlled by Beijing SASAC. It was established as a limited liability company on 6 December 1996 in the PRC with a registered capital of RMB910,760,000. Its principal business includes state owned assets management, building materials manufacturing, sale of building materials and real estate development. Other than as set out in *"Relationship with Controlling Shareholder"*, our Parent does not engage in any business that competes, or is likely to compete, with our business.

Sinoma is a joint stock limited company incorporated in the PRC on 31 July 2007. The securities of Sinoma are listed on the Stock Exchange (Stock code: 1893). Its principal business includes the provision of engineering services. Its place of principal operations is the PRC.

Hopeson is a company incorporated in Hong Kong on 9 March 1995 with limited liability. Its principal business includes real estate investment and consultation. Its place of principal operations is Hong Kong. To the knowledge of our Directors, the ultimate beneficial owner of Hopeson is Chu Mang Yee (朱孟依), who is also the chairman of the board of directors of Hopson Development Holdings Limited (合生創展集團有限公司) (the securities of which are listed on the Stock Exchange (Stock code: 0754)).

Beifang Real Estate was a State-owned enterprise established on 20 July 1993. On 30 November 2000, it was transformed into a limited liability company with a registered capital of RMB125,000,000. Its principal business includes real estate development and contracting services.

Tianjin Building Materials is a wholly State-owned limited liability company established in the PRC on 21 December 1994. Its registered capital is RMB2,010,170,000. It is principally engaged in the production and sale of building and decoration materials.

CHANGE IN REGISTERED SHARE CAPITAL AND TRANSFER OF SHARES

On 28 September 2008, our registered share capital was increased to RMB2.8 billion divided into 2.8 billion Shares. Sinoma, Hopeson, Beifang Real Estate and Tianjin Building Materials forfeited their rights to subscribe to the increased portion of our registered share capital. Instead, we issued additional 1.0 billion Shares (the "**2008 Shares**") to five new investors, namely, New Horizon

Jasmine, China Cinda, Hua Xi Xin Yu, Runfeng Investment and Beijing Taihong Investment. On 28 September 2008, Beifang Real Estate transferred all of its 136.8 million Shares in our Company to our Parent for a consideration of approximately RMB228.7 million.

The main purposes of issuing the 2008 Shares were to raise funds and capital for our Company to repay certain debts we owed to our Parent, to decrease our gearing ratio and to improve our asset-to-debt structure. The subscription price for the 2008 Shares was RMB2.6 per share. The cost per share paid by the investors of those Shares amounts to approximately 49.0% discount to the Offer Price (assuming the mid-point of the Offer Price range).

No special rights were granted to the investors of the 2008 Shares that are not available to the general investors. Those investors are subject to a lock-up period of one year from 1 August 2008, during which they shall not transfer or entrust all or any part of the 2008 Shares to any third party (including other Promoters, except our Parent). Our Parent has a pre-emption right to acquire these additional Shares from those investors within such one-year lock-up period.

After the subscription for the increased portion of our registered capital and the transfer of our Shares by Beifang Real Estate to our Parent, our shareholding structure became as follows and remained unchanged as at the Latest Practicable Date.

Name of Shareholders	Number of Shares	Approximate percentage of shareholding
Parent	1,840,320,000	65.73%
Sinoma	239,580,000	8.56%
Hopeson	205,380,000	7.34%
New Horizon Jasmine	133,100,000	4.75%
Tianjin Building Materials	123,120,000	4.40%
China Cinda	76,000,000	2.71%
Hua Xi Xin Yu	68,400,000	2.44%
Runfeng Investment	60,000,000	2.14%
Beijing Taihong Investment	54,100,000	1.93%
Total	**2,800,000,000**	**100.00%**

The new investors

New Horizon Jasmine is a company incorporated in Hong Kong on 28 November 2007 with limited liability, and its principal business is investment holding. To the knowledge of our Directors, its ultimate beneficial owner is New Horizon Capital L.P., an international investment fund.

China Cinda is a wholly State-owned limited liability company established on 19 April 1999 in the PRC with a registered capital of RMB10.0 billion. Its principal business includes the acquisition and operation of non-performing assets of the China Construction Bank and the China Development Bank. To the knowledge of our Directors, it belongs to the Ministry of Finance of the PRC Government and the ultimate beneficial owner of China Cinda is the PRC Government.

Hua Xi Xin Yu is a limited liability company established on 19 January 2000 in the PRC with a registered capital of RMB600.0 million. Its principal business includes project investment, investment management and investment consulting. To the knowledge of our Directors, its ultimate controlling shareholder is Zhao Yan (趙燕), who is the legal representative of Hua Xi Xin Yu.

Runfeng Investment is a limited company established on 23 February 2001 in the PRC with a registered capital of RMB200.0 million. Its principal business includes investment management, enterprise management consulting and information consulting. To the knowledge of our Directors, its ultimate controlling shareholder is Chen Shuigun (陳水滚), who is the legal representative of Runfeng Investment.

Beijing Taihong Investment is a limited company established on 25 May 2000 in the PRC with a registered capital of RMB65.0 million. Its principal business includes project investment, investment management, planning of enterprise mergers, acquisitions and assets reorganisation. To the knowledge of our Directors, its ultimate controlling shareholder is Li Baozhen (李寶珍), who is the legal representative of Beijing Taihong Investment.

OUR PRINCIPAL SUBSIDIARIES

Upon completion of the Reorganisation, we held more than 100 subsidiaries. For historical reasons, certain of the subsidiaries in our modern building materials and property investment and management segments engage in the same business as other subsidiaries, and therefore compete with each other. As part of our Group's ongoing effort to maximise operational and administration efficiency and competitive strengths, and where appropriate in light of market conditions and our strategic planning, we intend to integrate certain of our subsidiaries in the modern building materials segment according to their product types and certain subsidiaries in the property investment and management segment according to their geographic locations. We have no specific timetable but intend to complete the integration within three years after the Listing. Details of our current subsidiaries are summarised below.

Cement

Liulihe Cement

Liulihe Cement's immediate predecessor, Beijing Liulihe Cement Plant (北京市琉璃河水泥廠), was registered as a wholly State-owned enterprise on 30 December 1980 in the PRC. Liulihe Cement is our wholly owned subsidiary. Liulihe Cement's registered capital is RMB330,180,752 and it is principally engaged in cement production and cogeneration.

Dingxin Cement

Dingxin Cement is a limited liability company established on 26 September 2002 in the PRC, with our Company holding 85.08% of the equity interest, China National Complete Plant Import & Export Corp. Ltd. (中成進出口股份有限公司) holding 13.38% of the equity interest and the Design and Research Institute of Tianjin Cement Industry (天津水泥工業設計研究院) holding 1.54% of the equity interest. Dingxin Cement's registered capital is RMB650,000,000 and it is principally engaged in manufacturing and sale of cement and clinker. There is an entrustment arrangement in place between us and China National Complete Plant Import & Export Corp. Ltd (中成進出口股份有限公司), for further details, see "*— Corporate Chart*" below and "*Connected Transactions — Non-Exempted Continuing Connected Transactions — Entrustment arrangement with respect to Dingxin Cement*".

BBMG Concrete

BBMG Concrete's immediate predecessor, Beijing Sanlian Concrete Jointly Operated Company (北京三聯混凝土聯營公司), was established in the PRC on 24 June 1988 as a wholly State-owned enterprise.

We hold 69.71% of the equity interest in BBMG Concrete, Beijing Baicheng Jianye Building Materials Co., Ltd. (北京百誠建燁建材有限責任公司) holds 17.66% of the equity interest and Beijing Zhongjian Beirui Concrete Co., Ltd. (北京中建北瑞混凝土有限責任公司) holds 12.63% of the equity interest. BBMG Concrete's registered capital is RMB42,854,395 and it is principally engaged in production of concrete and additives for concrete, such as antifreeze and catalysts.

At the Latest Practicable Date, BBMG Concrete had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Bulangni	29 November 1994	BBMG Concrete (55.0%) Chian Hua Singapore Pte., Ltd. (新加坡建華混凝土私人有限公司) (45.0%)	Production of commercial concrete
Beijing Junxing Concrete Co., Ltd. (北京軍星混凝土有限責任公司)	22 May 2002	Taihang Cement (52.0%)[(1)] Liu Zhifang (劉志芳) (48.0%)	Production and sale of concrete

Note:

(1) Pursuant to an entrustment agreement dated 25 June 2008, Taihang Cement entrusted the 52.0% equity interest in Beijing Junxing Concrete Co., Ltd. (北京軍星混凝土有限責任公司) registered in its name to BBMG Concrete for a period of three years commencing from 1 July 2008. For further details, see "*Corporate Chart*" below.

Zanhuang Cement

Zanhuang Cement is a limited liability company incorporated in the PRC on 20 February 2008, with our Company and Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司) holding 86.67% and 13.33%, respectively, of the equity interest. The registered capital of Zanhuang Cement is RMB300,000,000 and its principal business includes manufacture and sale of clinker, cement and cement products. There is an entrustment arrangement in place between us and Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司), for further details, see "*— Corporate Chart*" below and "*Connected Transactions — Exempted Continuing Connected Transactions — Entrustment arrangement with respect to Zanhuang Cement*".

Taihang Huaxin

Taihang Huaxin is a limited liability company incorporated in the PRC on 15 March 2002, with our Company holding 33.33% of the equity interest, our Parent holding 61.67% of the equity interest and Handan SASAC holding 5.0% of the equity interest. Taihang Huaxin's registered capital is RMB588,020,000, its approved business scope includes limestone mining, sale of cement products and provision of technical consultancy services and its principal businesses are operation of a mine and investment holding. There is an entrustment arrangement in place between us and our Parent, for further details, see "*— Corporate Chart*" below and "*Relationship with Controlling Shareholder — Entrustment Agreement in respect of Taihang Huaxin*". At 30 June 2009, Taihang Huaxin held 30.0% of the equity interest in Taihang Cement, a company with its shares listed on the Shanghai Stock Exchange.

BBMG Mangrove Environmental

BBMG Mangrove Environmental, a wholly owned subsidiary of our Company, was established on 13 December 2005 in the PRC. The registered capital of BBMG Mangrove Environmental is RMB150,000,000 and its principal businesses are collection, storage and disposal of toxic and harmful wastes.

BBMG Mangrove Environmental currently holds equity interests of the following subsidiary:

Company Name	Date of incorporation	Shareholders and shareholding percentage	Principal Business
Xinbeishui	31 December 2006	BBMG Mangrove Environmental (55.0%) Beijing Cement Plant (45.0%)[(1)]	Production of cement, cement products

Note:

(1) Beijing Cement Plant was held by our Parent and China Cinda as to 29.6% and 70.4%, respectively, at the time when Xinbeishui was established. China Cinda obtained the 70.4% equity interest of Beijing Cement Plant by way of a debt to equity swap. After Xinbeishui was established, Xinbeishui acquired Beijing Cement Plant's entire operating assets (including all cement business related assets), except for a mine in Beijing area which is retained by Beijing Cement Plant. Beijing Cement Plant does not operate cement business and the limestone extracted from the mine would be sold exclusively to Xinbeishui. Due to the complicated process for and the high costs involved in transferring the ownership of a mine, Beijing Cement Plant was not included in our Group as part of the Reorganisation. Pursuant to an equity transfer agreement dated 17 November 2008, our Parent agreed to transfer its entire equity interest in Beijing Cement Plant to Beijing Dacheng Real Estate Development Corporation (北京大成房地產開發總公司) ("**Dacheng Real Estate**") at nil consideration. Such transfer was approved by Beijing SASAC on 15 December 2008. As at the Latest Practicable Date, Dacheng Real Estate had not completed the registration procedures with the SAIC. As a result, our PRC legal adviser is of the view that our Parent remains the registered owner of such equity interest. As the transfer was approved by Beijing SASAC on 15 December 2008, our PRC legal adviser is of the view that Dacheng Real Estate cannot unilaterally unwind the transaction. Our PRC legal adviser is further of the view that there is no legal impediment for Dacheng Real Estate to register the equity interest under its name and that our Parent has the right to request Dacheng Real Estate to complete the registration procedure in a speedy manner.

BBMG Cement Trading Co., Ltd (北京金隅水泥經貿有限公司)

BBMG Cement Trading Co., Ltd (北京金隅水泥經貿有限公司), a wholly owned subsidiary of our Company, was established on 21 August 2008 in the PRC. The registered capital of BBMG Cement Trading Co., Ltd (北京金隅水泥經貿有限公司) is RMB50,000,000 and it is currently a dormant company. Its approved business scope includes wholesale trading of cement, cement products, concrete, concrete products and building materials.

Modern building materials

BBMT

BBMT's immediate predecessor, Beijing General Corporation of Building Materials Trade Group (北京市建築材料經貿集團總公司), was established by our Parent as a wholly State-owned enterprise in the PRC on 14 October 1992. BBMT is our wholly owned subsidiary. Its registered capital is RMB374,000,000 and its principal business includes purchase and sale of building materials.

As at the Latest Practicable Date, BBMT held the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Jianda Plaza Property Management Co., Ltd. (北京建達大廈物業管理有限責任公司)	13 November 1998	BBMT (100.0%)	Property management (including lease of apartments), labour services, exhibition, organising culture and art communicating activities
BBMT-Xinke	31 January 2000	BBMT (92.15%) Nine natural persons (namely, Yang Zhiwei, Tan Xiaochun, Cao Zhanjing, Liu Chao, Yang Xiaoliang, Chen Guowen, Ding Xia, Li Ming, Fan Youzhu) (7.85%)	Purchase and sale of building materials
Beijing Leka Building Materials Co., Ltd. (北京樂卡建材有限責 任公司)	8 February 2002	BBMT (68.77%) BBMT-Xinke (11.41%) Four natural persons (namely, Xie Jingping, Li Ming, Liu Chao, Shi Jianting) (19.82%)	Sale of building materials
Beijing BBMT-Wuhuan Cement Distribution Co., Ltd. (北京建貿五環水泥配送有限公司)	15 July 2002	BBMT (100.0%)	Purchase and sale of cement, fine powder of granulated blast furnace slag, fly ash, etc
Beijing BBMG Decoration and Engineering Co., Ltd. (北京金隅裝飾工程有限公司)	18 November 1993	BBMT (100.0%)	Design and construction of decorative construction, equipment installation
Zhengzhou Xinke Decoration Materials Co., Ltd. (鄭州新科裝飾材料有限公司)	4 April 2007	BBMT-Xinke (100.0%)	Sale of decorative materials and sanitary utensil
Tianjin Jianmao-Xinke Decoration Materials Sales Co., Ltd. (天津建貿新科裝飾材料銷售有限公司)	21 June 2007	BBMT-Xinke (100.0%)	Wholesale and retail of building materials
Taiyuan Jianmao-Xinke Decoration Materials Co., Ltd. (太原建貿新科裝飾 材料有限公司)	11 April 2007	BBMT-Xinke (100.0%)	Sale of building materials

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
BBMG Home	11 June 2007	BBMT (100.0%)	Sale of building materials
Beijing Dajiangnan International Hotel Management Co., Ltd. (北京大江南國際酒店管理有限責任公司)	8 September 2004	BBMT (100.0%)	Catering services

BSBM

BSBM's predecessor, Beijing General Plant of Building Material Products (北京市建材製品總廠), was established in the PRC as a wholly State-owned enterprise on 21 January 1985. BSBM is our wholly owned subsidiary. BSBM's registered capital is RMB314,967,696 and its principal business includes production of mineral wool decorative acoustic boards, ceiling boards and colour plates.

At the Latest Practicable Date, BSBM had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Jianzong Building, Installation and Engineering Co., Ltd. (北京建總建築安裝工程有限公司)	13 May 1988	BSBM (100.0%)	Provision of contracting services
Beijing Ganlu Property Management and Service Co., Ltd. (北京甘露物業服務有限公司)	10 October 1993	BSBM (100.0%)	Property management and cleaning services, public car parking services
Beijing Shenghua Building Decoration Co., Ltd. (北京生華建築裝飾有限公司)	15 February 1993	BSBM (80.0%) Beijing Jianzong Building, Installation and Engineering Co., Ltd. (北京建總建築安裝工程公司) (20.0%)	Indoor or outdoor decorative construction services totalling less than RMB0.6 million (except for screen wall construction)
Ji'nan Star Building Materials Co., Ltd. (濟南星牌建材有限公司)	15 August 2000	BSBM (80.0%) Beijing Shenghua Building Decoration Co., Ltd. (北京生華建築裝飾有限公司) (20.0%)	Wholesale and retail sale of building materials, waterborne emulsion paint, decorative materials, metallic materials (rare valuable metals not included), furniture, general merchandise

Great Wall Furniture

Great Wall Furniture's immediate predecessor, Beijing Great Wall Furniture Company (北京市長城傢俱公司), was established in the PRC as a wholly State-owned enterprise on 10 August 1981. Great Wall Furniture is our wholly owned subsidiary. Great Wall Furniture's registered capital is

RMB66,135,837. Its principal business includes production and sale of furniture, such as row chairs.

At the Latest Practicable Date, Great Wall Furniture had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Quinette Great Wall Seats	19 December 2003	Great Wall Furniture (60.0%) Quinette Gallay (法國奇耐特蓋裏特公司) (40.0%)	Design, production and installation of seats in theatres, exhibition centre and auditorium
Beijing Great Wall Furniture and Decorative Material Co., Ltd. (北京長城傢俱裝飾材料有限公司)	22 December 1992	Great Wall Furniture (74.69%) Peru-China Friendship Import and Export Co., Ltd. (秘魯秘華友誼進出口有限 公司) (25.31%)	Production of furniture, decorative materials, wooden floor panel and after sale services, sale of self produced products
Beijing Yongleju Property Management Co., Ltd. (北京永樂居物業管理有限公司)	19 August 1996	Great Wall Furniture (100.0%)	Property management and property information consulting

BJ Ceramics

BJ Ceramics' immediate predecessor, Beijing Ceramics Factory (北京市陶瓷廠), was established in the PRC as a wholly State-owned enterprise on 1 January 1959. BJ Ceramics is our wholly owned subsidiary. Its registered capital is RMB56,660,757 and its principal business includes production and sale of ceramics.

At the Latest Practicable Date, BJ Ceramics had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Century Jingzhongyuan Porcelain and Ceramic Fittings Co., Ltd. (北京世紀京中源陶瓷配套有限公司)	27 February 1997	BJ Ceramics (100.0%)	Sale of building materials, chemical materials and products (not including 1st Catalogue Precursor Chemical)
Beijing BPCP-Sanbei Energy Power Machinery Co., Ltd. (北京北陶三北能源動力機械有限公司)	12 September 1994	BJ Ceramics (100.0%)	Production and supply of steam and heat water, processing of metallic structure
Beijing BPCP-Shengjie Trade Co., Ltd. (北京北陶聖潔貿易有限公司)	12 January 1993	BJ Ceramics (100.0%)	Sale of building use ceramics, hardware, chemical materials, paint, coatings, civil building materials
Beijing Jinhuihengye Commerce and Trade Co., Ltd. (北京金輝恒業商貿有限公司)	22 December 2004	BJ Ceramics (60.0%) Natural person named Shao Shan (40.0%)	Sale of sanitary products
Inner Mongolia Jingzhongyuan Ceramic Accessory Co., Ltd. (內蒙古京中源陶瓷配套有限公司)	19 December 2007	BJ Ceramics (100.0%)	Sale of sanitary products, ceramic products, construction materials, decorative materials, hardware
Taiyuan Jingzhongyuan Porcelain and Ceramic Fittings Co., Ltd. (太原京中源陶瓷配套有限公司)	26 June 2007	BJ Ceramics (80.0%) Taiyuan Dongtao-Hengxing Trade Co., Ltd. (太原東陶恒興商貿有限公司) (20.0%)	Sale of building materials, decorative materials, ceramic products, hardware, cable wires, sanitary products

Tongda Refractory

Tongda Refractory's immediate predecessor, Beijing Tongda Refractory Technology Company (北京通達耐火技術有限公司), was registered as a limited liability company on 10 May 2006. We currently hold 57.0% of the equity interest in Tongda Refractory, Sinoma International holds 11.4% of the equity interest, Beijing Enterprises Holding High Tech Development Co., Ltd. (北控高科技發展有限公司) holds 9.5% of the equity interest, Tangshan Sinoma Heavy Machinery Co., Ltd. (唐山中材重型機械有限公司) holds 6.65% of the equity interest, Jiangsu Sinoma Cement Technology and Equipment Co., Ltd. (江蘇中材水泥技術裝備有限公司) holds 5.7% of the equity interest, Beijing Guojian Yichuang Investment Co., Ltd. (北京國建易創投資有限公司) holds 4.75% of the equity interest and Zhengzhou Julong Investment Corporation (鄭州巨龍投資股份有限公司) holds 5.0% of the equity interest. Tongda Refractory's registered capital is RMB125,326,315, and its principal business includes research, development, production and sales of various types of refractory materials.

At the Latest Practicable Date, Tongda Refractory had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Tongda Refractory Engineering Technology Co., Ltd. (北京通達耐火工程 技術有限公司)	18 November 2003	Tongda Refractory (100.0%)	Professional contractor
Gongyi Tongda Technology	28 October 1994	Tongda Refractory (100.0%)	Manufacture and sale of refractory materials

Woodworking Factory

Woodworking Factory's immediate predecessor, Beijing Woodworking Factory (北京市木材廠), was established in the PRC as a wholly State-owned enterprise on 1 April 1964. Woodworking Factory is our wholly owned subsidiary. Its registered capital is RMB54,556,261 and its principal business includes artificial panels processing, wood door production, and adhesive and special equipment for woodwork industry manufacturing.

At the Latest Practicable Date, Woodworking Factory had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Xinjianxinyuan Farmer's Market Co., Ltd. (北京市鑫建欣苑農貿市場有限責任公司)	8 October 2005	Woodworking Factory (95.0%) Beijing Anji Labour Service Centre (北京安吉勞務服務中心) (5.0%)	Operating a market for sale of beverage, fresh meat, dry or fresh fruits and general merchandise
Beijing Jianyuanju Property Management Co., Ltd. (北京市建苑居物業管理有限責任公司)	25 November 1996	Woodworking Factory (100.0%)	Property management

Beijing Architectural

Beijing Architectural's immediate predecessor, Beijing Building Coating Plant (北京市建築塗料廠), was established in the PRC as a wholly State-owned enterprise on 1 November 1984. Beijing Architectural is our wholly owned subsidiary. Its registered capital is RMB24,440,626 and its principal business includes production and sale of ceramics and coating.

At the Latest Practicable Date, Beijing Architectural had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Maydos-Sanqi Coating	20 October 2005	Beijing Architectural (100.0%)	Production of coatings, specialised contract
Beijing Sanqi Property Management Co., Ltd. (北京三旗物業管理有限公司)	28 June 2001	Beijing Architectural (100.0%)	Property management
Xinjiang Maydos-Sanqi Coating Co., Ltd. (新疆美塗三旗塗料有限公司)	19 March 2008	Maydos-Sanqi Coating (55.0%) Xinjiang Haoxiang Building Materials Co., Ltd. (新疆皓翔新型建材有限公司) (45.0%)	Production and sale of coatings

Xiliu Building Materials

Xiliu Building Materials' immediate predecessor, Beijing Xiliu Building Materials Industry and Trade Company (北京市西六建材工貿公司), was established in the PRC as a wholly State-owned enterprise on 1 January 1952. Xiliu Building Materials is our wholly owned subsidiary. Its registered capital is RMB41,603,941 and its principal business is production of bricks, ancient building products and cement products.

BACP

BACP's immediate predecessor, Beijing Aerated Light-weight Concrete Plant (北京市加氣混凝土廠), was established in the PRC as a wholly State-owned enterprise on 1 January 1967. BACP is our wholly owned subsidiary. Its registered capital is RMB86,817,455 and its principal business includes producing, processing and selling aerated concrete panels and building blocks.

At the Latest Practicable Date, BACP had the following subsidiary:

Name	Date of incorporation	Shareholder and shareholding percentage	Principal business
Beijing Light-weight Building Materials Co., Ltd. (北京市輕型建築材料有限責任公司)	1 April 1964	BACP (100.0%)	Sale of building materials

Xiang Brand Walling

Xiang Brand Walling's immediate predecessor, Beijing No. 1 Concrete Product Plant (北京市混凝土製品一廠), was established in the PRC as a wholly State-owned enterprise on 7 December 1984. Xiang Brand Walling is our wholly owned subsidiary. Its registered capital is RMB40,437,954 and its principal business includes manufacturing clay brick, concrete products, light weight building materials and thermal insulation material.

At the Latest Practicable Date, Xiang Brand Walling had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Xisanqi New Materials Science and Technology Incubator Co., Ltd. (北京西三旗新材料科技孵化器有限責任公司)	8 October 2001	Xiang Brand Walling (45.0%) Xisanqi High-Tech Building Materials (35.0%) BBMA (20.0%)	The enterprise shall not carry out business which is prohibited by laws and regulations
Beizhuan	12 March 1994	Xiang Brand Walling (62.5%) Sinopec (37.5%)	Retail sale of oil products, lubricants
Beijing Jinghua Glass Fiber Products Co., Ltd. (北京京華玻璃纖維製品有限公司)	1 March 1993	Xiang Brand Walling (72.3%) China Beijing International Economic Cooperation Company (中國北京國際經濟合作公司) (27.7%)	Manufacture of glass mat and products, and sale of hardware, chemical materials and products

BMBM

BMBM's immediate predecessor, Beijing Modern Building Materials Company (北京市現代建築材料公司), was established in the PRC as a wholly State-owned enterprise on 1 July 1976. BMBM is our wholly owned subsidiary. Its registered capital is RMB40,000,000 and its principal business is producing aerated concrete panels and building blocks.

At the Latest Practicable Date, BMBM had the following subsidiary:

Name	Date of incorporation	Shareholder and shareholding percentage	Principal business
Beijing Jinfuyuankang Property Management Co., Ltd. (北京金福苑康物業管理有限責任公司)	24 December 1996	BMBM (100.0%)	Property management

BBMA

BBMA's immediate predecessor, Beijing Building Materials Academy of Science Research (北京市建築材料科學研究院), was established in the PRC as a wholly State-owned enterprise on 21 December 2000. BBMA is our wholly owned subsidiary. Its registered capital is RMB44,174,894 and its principal business is production and sale of building materials, paints and coatings and decorative materials.

At the Latest Practicable Date, BBMA had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Jinzhiding	25 March 1996	BBMA (100.0%)	Technological development of coating for construction, decorative materials and building materials
Beijing VAWO Heat Insulation Materials Co., Ltd. (北京萬屋保溫工程材料有限公司)	13 September 2002	BBMA (49.0%) Jinzhiding (51.0%)	Production of mortar for external thermal insulation in construction
Beijing Building Materials Testing Centre Co., Ltd. (北京市建築材料檢驗中心有限公司)	2 November 2006	BBMA (100.0%)	Quality inspection of construction materials

Beijing Jiandu

Beijing Jiandu's immediate predecessor, Beijing Jiandu Design and Research Institute (北京建都設計研究院), was established in the PRC as a wholly State-owned enterprise on 8 November 2001. Beijing Jiandu is our wholly owned subsidiary. Its registered capital is RMB9,541,200 and its principal business is design of modern building material plant.

At the Latest Practicable Date, Beijing Jiandu had the following subsidiary:

Name	Date of incorporation	Shareholder and shareholding percentage	Principal business
Beijing Jiantuo Engineering Management Co., Ltd. (北京建拓工程管理有限公司)	23 January 1995	Beijing Jiandu (100.0%)	Agent for construction tendering and construction works supervising

NanoMei

NanoMei is a limited liability company incorporated in the PRC on 31 August 2000, with our Company holding 80.0% of the equity interest, BBMA holding 15.0% of the equity interest and Sichuan Jun-yi Digital Technology Co., Ltd. (四川君逸數碼科技發展有限公司) holding 5.0% of the equity interest. NanoMei's registered capital is RMB12,000,000 and its principal business includes research and development of building materials.

Tiantan Furniture

Tiantan Furniture is a joint stock company incorporated in the PRC on 28 December 1999, with our Company holding 93.055% of the equity interest, BBMA holding 0.374% of the equity interest, Beijing Construction Engineering Group Co., Ltd. (北京建工集團有限責任公司) holding 0.374% of the equity interest, Beijing Uni-Construction Group Co., Ltd. (北京住總集團有限責任公司) holding 0.374% of the equity interest, Beijing Northstar Industrial Group (北京北辰實業集團公司) holding 1.122% of the equity interest and 408 shareholders holding 4.701% of the equity interest. Tiantan Furniture's registered capital is RMB87,094,469 and its principal business includes production and sale of furniture and decorative materials.

At the Latest Practicable Date, Tiantan Furniture had the following subsidiary:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Tiantan-Jingwei Furniture Co., Ltd. (北京天壇京偉傢俱有限公司)	26 December 1995	Tiantan Furniture (60.0%) Capital Wise International Limited (香港京偉國際有限公司) (40.0%)	Production of wooden furniture

Tiantan Allied Industrial

Tiantan Allied Industrial's immediate predecessor, Beijing Tiantan Allied Industrial Development Company (北京天壇聯合實業發展公司), was established in the PRC as a wholly State-owned enterprise. Tiantan Allied Industrial is our wholly owned subsidiary. Its registered capital is RMB84,173,585 and its principal business is manufacturing and processing furniture, steel and wooden doors and windows.

At the Latest Practicable Date, Tiantan Allied Industrial had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Tiantan Decoration and Engineering Co., Ltd. (北京天壇裝飾工程有限責任公司)	4 July 2000	Tiantan Allied Industrial (100.0%)	Decoration and renovation
Beijing Hongyang Furniture Co., Ltd. (北京宏洋傢俱有限責任公司)	28 January 2000	Tiantan Allied Industrial (100.0%)	Production and sale of furniture
Hainan Dihao Furniture Co., Ltd. (海南帝豪傢俱有限公司)(1)	28 February 1992	Tiantan Allied Industrial (55.0%) Hong Kong Huaxin Company (香港華信公司) (45.0%)	Non-operating

Note:

(1) The operating period of Hainan Dihao Furniture Co., Ltd. was expired on 27 February 2009 and it is in the course of dissolution.

Dachang BBMG

Dachang BBMG is a limited liability company incorporated in the PRC on 11 July 2007. Dachang BBMG is our wholly owned subsidiary. The registered capital of Dachang BBMG is RMB10,000,000 and its principal business is developing, producing and selling building materials, decoration materials, furniture and building hardware and processing lumber.

BBMIEC

BBMIEC's immediate predecessor, Beijing Building Materials Import and Export Company (北京市建築材料進出口公司), was established in the PRC as a wholly State-owned enterprise on 20 October 1988. BBMIEC is our wholly owned subsidiary. The registered capital of BBMIEC is RMB5,258,800 and its principal business includes importing and exporting of goods and technology.

Beijing Keshi

Beijing Keshi's immediate predecessor, Beijing Building Hardware Scientific Research and Experiment Plant (北京市建築五金科研實驗廠), was established in the PRC as a wholly State-owned enterprise on 28 December 1980. Beijing Keshi is our wholly owned subsidiary. Its registered capital is RMB25,521,300, and its principal business includes producing new building hardware products.

At the Latest Practicable Date, Beijing Keshi had the following subsidiary:

Name	Date of incorporation	Shareholder and shareholding percentage	Principal business
Beijing Peninsula Property Management Centre Co., Ltd. (北京半島物業管理中心有限公司)	2 August 2004	Beijing Keshi (100.0%)	Property management and property information consultation

BBMG Logistics

BBMG Logistics' immediate predecessor, Beijing CMST-BBMG Logistics Co., Ltd (北京中儲金隅物流有限公司), was established in the PRC as a limited liability company on 24 May 2006. BBMG Logistics is our wholly owned subsidiary. The registered capital of BBMG Logistics is RMB10,000,000 and its principal business is freight agency and storage services.

Sanchong Mirrors

Beijing Sino-American Omni Glassware MFG. Ltd. (北京奧姆尼玻璃製品有限公司), the predecessor of Sanchong Mirrors, was established on 3 March 1995 as a sino-foreign equity joint venture by Beijing No. 1 Concrete Product Plant (北京市混凝土製品一廠) (now known as Xiang Brand Walling), International AA Group of Companies Inc. (美國AA國際集團有限公司) and MSF Inc. (美國MSF公司) (the latter two of which are foreign independent third parties). Sanchong Mirrors is our wholly owned subsidiary. Its registered capital is RMB57,660,000 and its principal business is production and sale of mirrors and decorative glass.

Property investment and management

Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司)

Beijing Jianhong Property Development Co., Ltd. was a sino-foreign joint venture established in the PRC on 11 February 1993. Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司) is our wholly owned subsidiary. The registered capital of Beijing Jianhong Property Development Co., Ltd is RMB105,000,000 and its principal business is renting and building reconstruction and property management.

Beijing Gaoling

Beijing Gaoling was a sino-foreign joint venture established in the PRC on 18 January 1994. Beijing Gaoling is our wholly owned subsidiary. The registered capital of Beijing Gaoling is RMB100,000,000 and its principal business is property development and management.

BBMG Property Management

BBMG Property Management is a limited liability company established in the PRC on 8 October 1997. BBMG Property Management is our wholly owned subsidiary. Its registered capital is RMB10,000,000 and its principal business is property management, including office rental.

At the Latest Practicable Date, BBMG Property Management had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
BBMG Jiahua Property Management Co., Ltd. (北京金隅嘉華物業管理有限公司)	27 January 2003	BBMG Property Management (100.0%)	Property rental and property management
Jinhuyuan Property Management	24 December 1998	BBMG Property Management (100.0%)	Property management

Beijing Xinqing Property Management Co., Ltd. (北京市新輕物業管理有限責任公司)

Beijing Xinqing Property Management Co., Ltd.'s immediate predecessor, Beijing New Type Fire Protection Equipment Factory (北京市新型防火裝備廠), was established in the PRC as a wholly State-owned enterprise on 1 January 1956. Beijing Xinqing Property Management Co., Ltd. (北京新輕物業管理有限責任公司) is our wholly owned subsidiary. Its registered capital is RMB500,000 and its principal business is office rental, public car park service and property management.

BBMG Fengshan Resort

BBMG Fengshan Resort's immediate predecessor, Beijing Fengshan Hot Spring Resort (北京鳳山溫泉度假村), was established in the PRC as a wholly State-owned enterprise on 14 February 1996. BBMG Fengshan Resort is our wholly owned subsidiary. Its registered capital is RMB87,489,143 and its principal business is the provision of accommodation, dining and conference services.

At the Latest Practicable Date, BBMG Fengshan Resort had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Partner International Hotel and Resort Management Co., Ltd. (北京博特納國際酒店管理有限公司)	30 March 2005	BBMG Fengshan Resort (100.0%)	Design, production and publication of advertisements, resort management
Inner Mongolia BBMG Daihai Resort Co., Ltd. (內蒙古金隅岱海旅遊度假有限責任公司)	16 June 2006	BBMG Fengshan Resort (100.0%)	Provision of accommodation and dining services

Beijing Jianyuan Hotel

Beijing Jianyuan Hotel's immediate predecessor, Beijing City Jianyuan Hotel (北京市建苑賓館), was established in the PRC as a wholly State-owned enterprise on 2 September 1992. Beijing Jianyuan Hotel is our wholly owned subsidiary. Its registered capital is RMB10,005,300 and its principal business is provision of accommodation and dining services.

Xunsheng Wall Materials

The immediate predecessor of Xunsheng Wall Materials, Beijing General Corporation of Building Materials Group Wall Materials Company (北京建築材料集團總公司牆體材料公司), was established in the PRC as a wholly State-owned enterprise on 22 December 1992. Xunsheng Wall Materials is our wholly owned subsidiary. Its registered capital is RMB16,124,000 and its principal business is sale of building materials.

At the Latest Practicable Date, Xunsheng Wall Materials had the following subsidiary:

Name	Date of incorporation	Shareholder and shareholding percentage	Principal business
Beijing Chaoxinjiayuan Property Service Co., Ltd. (北京市朝新佳苑物業服務有限公司)	20 November 2003	Xunsheng Wall Materials (100.0%)	Property management

Jinhaiyan Assets Management

Jinhaiyan Assets Management's immediate predecessor, Beijing Glassfiber Reinforced Plastic Products Factory (北京市玻璃鋼製品廠), was established in the PRC as a wholly State-owned enterprise on 2 February 1951. Jinhaiyan Assets Management is our wholly owned subsidiary. Its registered capital is RMB82,923,553 and its principal business is leasing of our self developed properties.

At the Latest Practicable Date, Jinhaiyan Assets Management had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
Beijing Jinhaiyan Property Management Co., Ltd. (北京金海燕物業管理有限公司)	25 April 1996	Jinhaiyan Assets Management (100.0%)	Property management and public car parking services
Dachang BBMG Jinhaiyan Glass Wool Co., Ltd. (大廠金隅金海燕玻璃棉有限公司)	29 July 2008	Jinhaiyan Assets Management (100.0%)	Manufacture and sales of glass wool products

Beijing Jianji

One of Beijing Jianji's immediate predecessors, Beijing Building Materials Machinery Factory (北京市建築材料機械製造廠), was established in the PRC as a wholly State-owned enterprise on 2 February 1957. Beijing Jianji is our wholly owned subsidiary. Its registered capital is RMB46,109,973 and its principal business is property investment and property management.

At the Latest Practicable Date, Beijing Jianji had the following subsidiary:

Name	Date of incorporation	Shareholder and shareholding percentage	Principal business
Beijing Jiandongyuan Property Management Co., Ltd. (北京市建東苑物業管理有限公司)	14 November 2001	Beijing Jianji (100.0%)	Property management and cleaning services

BBMG Property

BBMG Property is a limited liability company established in the PRC on 22 November 2007. We hold 100.0% of its equity interest. Its registered capital is RMB10,000,000 and its principal business is commodity housing rental and property management.

Property development

Xisanqi High-Tech Building Materials

Xisanqi High-Tech Building Materials' immediate predecessor, Beijing Xisanqi High Tech New Building Material City Management and Development Company (北京市西三旗高新建材城經營開發公司), was established in the PRC as a wholly State-owned enterprise on 28 December 1992. Xisanqi High-Tech Building Materials is our wholly owned subsidiary. Its registered capital is RMB96,297,642 and its principal business is property development and sales of commodity apartments.

At the Latest Practicable Date, Xisanqi High-Tech Building Materials had the following subsidiary:

Name	Date of incorporation	Shareholder and shareholding percentage	Principal business
Beijing Xisanqi Property Management Co., Ltd. (北京西三旗物業管理有限公司)	30 December 1993	Xisanqi High-Tech Building Materials (100.0%)	Management of public facilities

Beijing GEM

Beijing GEM's immediate predecessor, Beijing GEM Real Estate Development Company (北京金隅嘉業房地產開發公司), was established in the PRC as a wholly State-owned enterprise on 14 June 1988. Beijing GEM is our wholly owned subsidiary. Its registered capital is RMB1,000,000,000 and its principal business is property development.

At the Latest Practicable Date, Beijing GEM had the following subsidiaries:

Name	Date of incorporation	Shareholders and shareholding percentage	Principal business
BBMG Vanke	27 July 2007	Beijing GEM (51.0%) Beijing Vanke Co., Ltd. (北京萬科企業有限公司) (49.0%)	Property development and sale of self-developed commodity apartments
Beijing Jinyexincheng Property Management Co., Ltd. (北京市金業新城物業管理有限責任公司)	31 March 2004	Beijing GEM (100.0%)	Property Management
Inner Mongolia BBMG Landmark Investment Co., Ltd. (內蒙古金隅置地投 資有限公司)	17 August 2006	Beijing GEM (100.0%)	Construction work for the real estate industry and municipal infrastructure
Beijing Jihongfengrun	3 July 2002	Beijing GEM (100.0%)	Property Development
BBMG-Wildwind (Hangzhou) Property Development Co., Ltd. (杭州金隅野風房地產開發有限公司)	19 November 2007	Beijing GEM (80.0%) Wildwind Group Real Estate Co., Ltd. (野風集團房地產股份有限公司) (20.0%)	Property development and operation
Inner Mongolia BBMG Property Management Co., Ltd. (內蒙古金隅物業服務有限公司)	23 June 2008	Inner Mongolia BBMG Landmark Investment Co., Ltd. (內蒙古金隅置地投資有限公司) (100.0%)	Property Management and Service

BBMG Century City

BBMG Century City is a limited liability company incorporated in the PRC on 21 January 2002, with our Company holding 80.0% of the equity interest, Beijing GEM holding 10.0% of the equity interest and Tiantan Allied Industrial holding 10.0% of the equity interest. The registered capital of BBMG Century City is RMB29,980,000 and its principal business is property development and sales of commodity apartments.

Our major associates and jointly-controlled entities established with foreign investors

From time to time, we have established associates and jointly-controlled entities with independent foreign investors. Through co-operation with foreign investors and leveraging on the strengths of the co-operative parties, we will expand our business. For example, Star-USG Building Materials, our jointly-controlled entity established in 2007, is the largest producer of mineral wool acoustic materials in Asia by volume, according to China Heat and Sound Insulation Materials Association.

Our major associates and jointly-controlled entities with foreign investors include:

Name of joint venture	Date of establishment	Our shareholding in the joint venture	Principal business of the joint venture
Star-USG Building Material	12 November 2007	50.0%	Research, development, manufacture and sales of modern building materials
Krono (Beijing) Woods Co., Ltd. (柯諾（北京）木業有限公司)	14 December 1995	30.0%	Manufacture and sales of decorative materials
Krono (Beijing) Flooring Co., Ltd. (柯諾（北京）地板有限公司)	17 November 2000	30.0%	Manufacture and sales of flooring materials
Beijing Alavus Energy Saving Components Co., Ltd. (北京愛樂屋建築節能製品有限公司)	9 March 2002	45.0%	Manufacture and sales of high-class energy-saving doors, windows and other related products
Beijing Dynea Chemical Industry Co., Ltd. (北京太爾化工有限公司)	23 April 1999	45.0%	Manufacture and sales of resin for impregnated paper, glue for wooden products and resin for industrial use
Zehnder (China) Indoor Climate Co., Ltd. (森德（中國）暖通設備有限公司)	27 December 1995	27.0%	Manufacture of anti-heat materials
OCV Reinforcements (Beijing) Co., Ltd. (歐文斯科寧複合材料（北京）有限公司)	19 March 1996	20.0%	Manufacture of fiber-glass materials

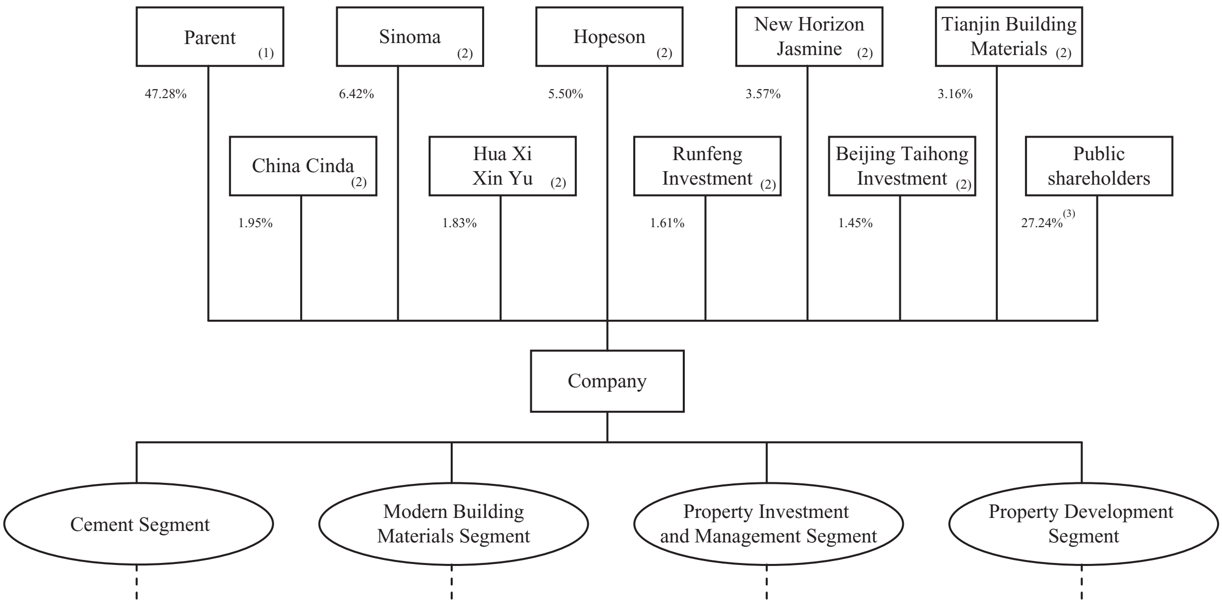
Note:

- The above table lists the associates of our Group which, in the opinion of our Directors, are material to our results of operation during the Track Record Period or formed a substantial portion of the net assets of our Group. To give details of other associates would, in the opinion of our Directors, result in particulars of excessive length.

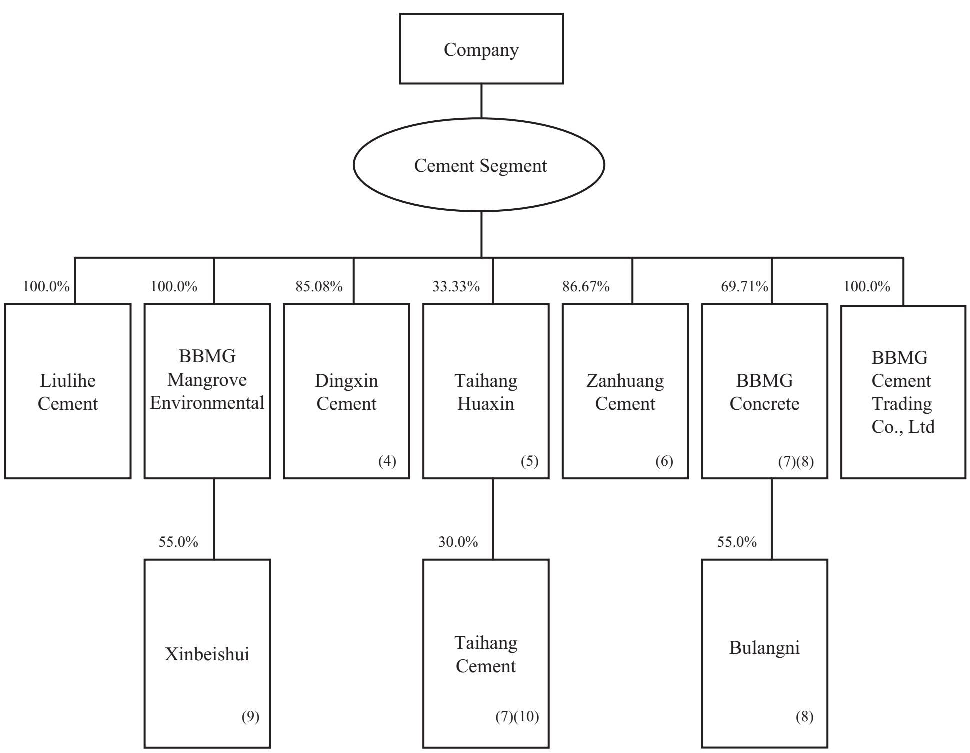
CORPORATE CHART

The charts below set out our Group immediately after the Global Offering (assuming that the Over-allotment Option is not exercised), and our major subsidiaries in each business segment:

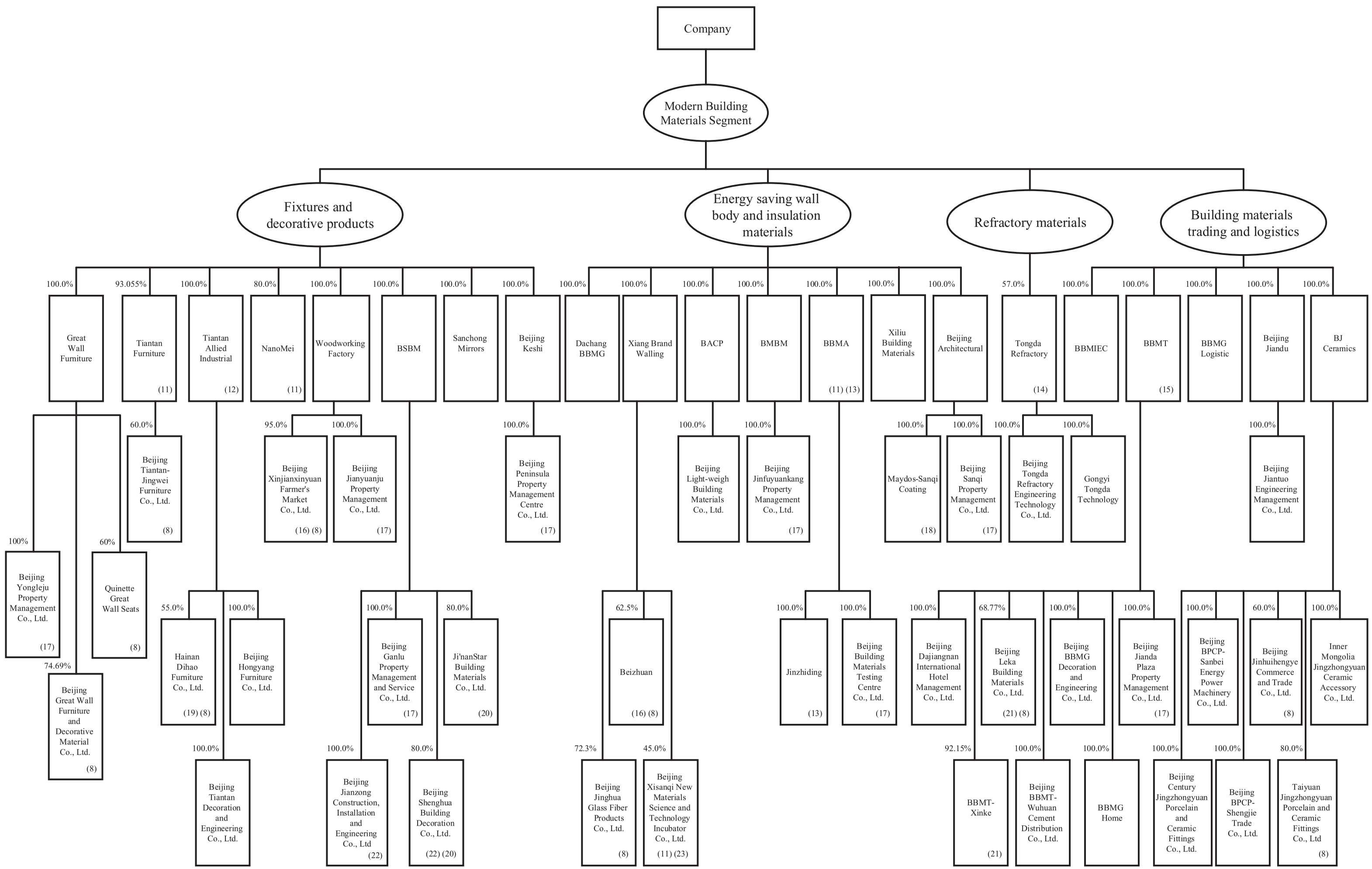
Group Level



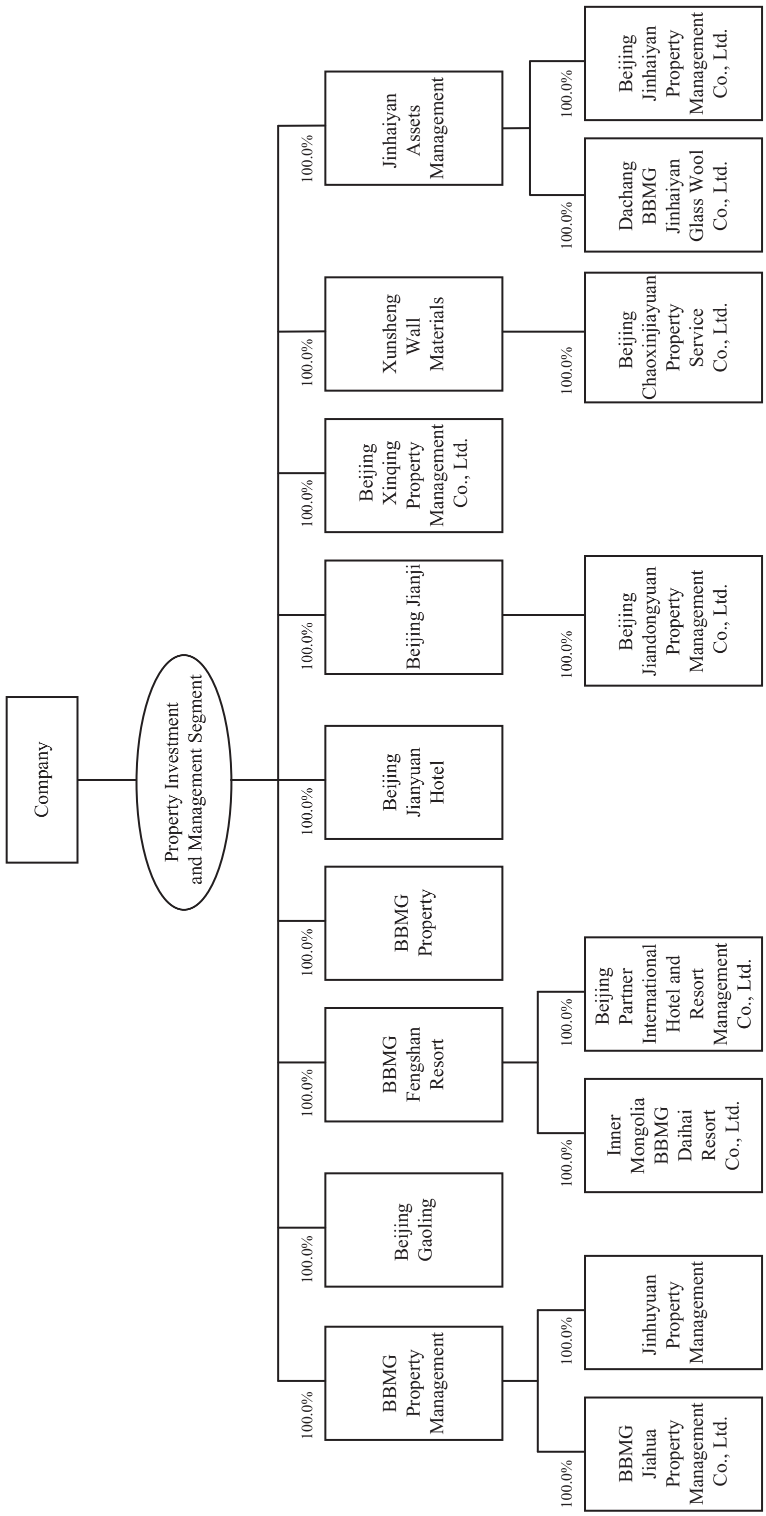
Cement Segment



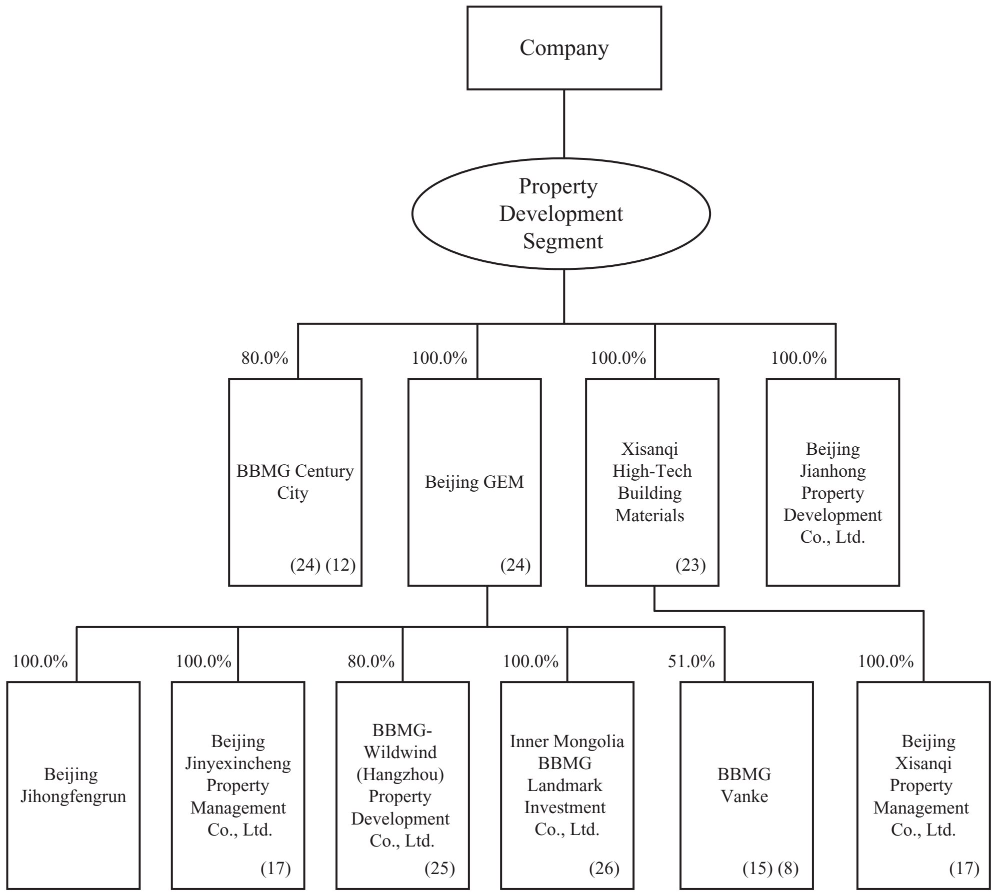
Modern Building Materials Segment



Property Investment and Management Segment



Property development segment



Notes:

(1) The Shares held by our Parent are not counted as part of the public float and are subject to lock-up pursuant to Rule 10.07(1)(a) of the Listing Rules and the PRC Company Law. See "*Share Capital — Our Shares — Transfer of Shares issued prior to Listing Date*" and "*Underwriting — Underwriting Arrangement and Expenses — Undertakings*" for further details.

(2) The Shares held by these Shareholders are not counted as part of the public float and are subject to a lock-up period of one year from the Listing Date under the PRC Company Law. See "*Share Capital — Our Shares — Transfer of Shares issued prior to Listing Date*" for further details.

(3) Upon completion of Global Offering and assuming the Over-allotment Option is not exercised, 83,521,718 H Shares (converted from Domestic Shares) representing approximately 2.24% of our total issued share capital will be transferred to and held by the NSSF pursuant to relevant PRC regulations regarding reductions of State-owned shares. The remaining 25.0% of our total issued share capital will be held by public Shareholders.

(4) The remaining 13.38% and 1.54% of the equity interest are held by China National Complete Plant Import & Export Corp. Ltd. (an independent third party save for its holding of such equity interest) and the Design and Research Institute of Tianjin Cement Industry (天津水泥工業設計研究院) (a subsidiary of China National Materials Group Corporation (中國中材集團公司), the parent of our Promoter, Sinoma), respectively. Pursuant to a share transfer agreement dated 21 March 2007, we agreed to acquire 77.7% of the equity interest in Dingxin Cement from Beijing Huaye which agreed to entrust its remaining 20.0% equity interest to us until such time as we have acquired such interest. Both parties further agreed that, for the period commencing on the first anniversary of the completion of the transfer of 77.7% equity interest, which took place on 25 April 2007, and expiring on the fifth anniversary of the completion date, (i) a put option is granted to Beijing Huaye, pursuant to which we shall purchase the 20.0% equity interest at any time when Beijing Huaye decides to transfer, and (ii) a call option is granted to us for the same equity interest. On 21 March 2007, we entered into a separate entrustment agreement with Beijing Huaye, pursuant to which it agreed to receive an

entrustment fee of not less than RMB10.24 million per year from us in lieu of profit distribution from such entrusted 20.0% equity interest. The amount of entrustment fee was determined based on 20.0% of the valuation of Dingxin Cement as at the date of the entrustment agreement, multiplied by 7.0%, which was the prevailing interest rate for bank loans at the time. Beijing Huaye also agreed that we have the right to exercise all the rights attached to the entrusted equity interest (apart from the legal title to its interest, the right to the entrustment fee and the right to dispose of its interests). Before we acquired the equity interest in Dingxin Cement, we were aware of a number of instances of its non-compliance with environmental protection requirements, mining right defects and defects in land title of Dingxin Cement. In order to protect our interest, instead of purchasing all of the equity interest held by Beijing Huaye, we acquired only 77.7% of the equity interest. Beijing Huaye continued to hold an equity interest with the entrustment arrangement so that we could get reimbursement from Beijing Huaye for losses we may suffer in the course of resolving such issues. According to our PRC legal adviser, China National Complete Plant Import & Export Corp. Ltd. (中成進出口股份有限公司) assumed the rights and responsibilities of Beijing Huaye under the entrustment agreement pursuant to a declaration it issued on 22 November 2007. We have negotiated with Zhongcheng Import and Export Co. Ltd. (中成進出口股份有限公司) regarding reimbursement for losses we suffered in the course of resolving the identified issues mentioned above. We intend to exercise our call option to acquire the entrusted equity interest within two years from the Listing. The registered capital of Dingxin Cement was increased from RMB435,000,000 to RMB550,000,000 on 28 December 2007, and was further increased to RMB650,000,000 on 29 December 2008, and such increases were solely contributed by us. The increases in the registered capital resulted in an increase of our interest in Dingxin Cement from 77.7% to 85.08% while the interest held by China National Complete Plant Import & Export Corp. Ltd. (中成進出口股份有限公司) was diluted from 20.0% to 13.38%. China National Complete Plant Import & Export Corp. Ltd. (中成進出口股份有限公司) agreed to such dilution prior to the increases in registered capital and that such increases in registered capital would not have any impact on the entrustment agreement nor any adjustment to the entrustment fee as its capital contribution has not been changed. Furthermore, the entrustment fee was a fixed amount but not linked to profit entitlement attributable to its equity interest. Following our capital injection and taking into account of the entrustment agreement, we control an aggregate of 98.46% of the equity interest in Dingxin Cement. For further details, see "*Connected Transactions — Non-exempted Continuing Connected Transactions — Entrustment arrangement with respect to Dingxin Cement*".

(5) Our Company holds 33.33% of the equity interest in Taihang Huaxin. Pursuant to the Taihang Huaxin Entrustment Agreement, our Parent entrusted the 61.67% equity interest in Taihang Huaxin registered in the name of our Parent to our Company. Therefore, together with the 33.33% equity interest we own in Taiheng Huaxin, we control an aggregate 95.0% of the equity interest in Taiheng Huaxin. For further details, see "*Relationship with Controlling Shareholder — Entrustment Agreement in respect of Taihang Huaxin*" and "*Connected Transactions — Exempted Continuing Connected Transactions — Entrustment arrangement with Taihang Huaxin*".

(6) The remaining 13.33% of the equity interest is held by Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司) (an independent third party save for its holding of such equity interest). Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司) subscribed 13.33% equity interest of Zanhuang Cement by contributing certain fixed assets under construction which had an appraised value of RMB40,000,000 at that time. Since there might be unforeseeable liabilities arising from those assets under construction, in order to protect our interest, we agreed to set-up Zanhuang Cement together with Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司). The establishment of Zanhuang Cement was conditional upon entering into an entrustment arrangement under which we would receive reimbursement for losses we may suffer in the course of settling those liabilities. Pursuant to an entrustment agreement dated 11 December 2007, Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司) agreed to entrust its holding of 13.33% of the equity interest in Zanhuang Cement to us for the period of two years commencing on the date of completion of the capital contribution by Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司) on 20 February 2008 which was the same date of establishment of Zanhuang Cement. In lieu of profit distribution from the entrusted equity interest, Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司) agreed to receive an entrustment fee of RMB7.2 million per year, which was determined based on the value of the capital contribution it made to Zanhuang Cement in an amount of RMB40,000,000, multiplied by 18.0%, being the fixed entrustment return rate taking into account of the estimated increase in corporate value and the prevailing interest rate for bank loans at the relevant time. Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司) also agreed that we have the right to exercise all the rights attached to such equity interest (including the right of dividend, voting right, and right to nominate directors and supervisors). After such entrustment period, we agreed to acquire the 13.33% equity interest at a consideration of RMB40.0 million, representing the value of capital contribution made by Hebei Tiantashan Building Materials Co.,

Ltd. (河北天塔山建材有限責任公司) upon Zanhuang Cement's establishment. Taking into account of the entrustment agreement, we control an aggregate of 100.0% of the equity interest in Zanhuang Cement. For further details, see "*Connected Transactions — Exempted Continuing Connected Transactions — Entrustment arrangement with respect to Zanhuang Cement*".

(7) Taihang Cement holds 52.0% of the equity interest in Beijing Junxing Concrete Co., Ltd. (北京軍星混凝土有限責任公司), and the remaining 48.0% of the equity interest is held by an independent third party. Pursuant to an entrustment agreement dated 25 June 2008, Taihang Cement entrusted the 52.0% equity interest in Beijing Junxing Concrete Co., Ltd (北京軍星混凝土有限責任公司) registered in its name to BBMG Concrete for a period of three years commencing from 1 July 2008. In lieu of profit distribution from the entrusted equity interest, Taihang Cement agreed to receive an entrustment fee of RMB1.2 million per year. BBMG Concrete shall notify Taihang Cement in advance and vote in accordance with Taihang Cement's written instruction in relation to resolutions on the following matters: amendment of articles of association, increase or decrease of registered capital, issue of company debenture, issuance of registered capital to new investor(s), merger, de-merger, change of corporate nature and liquidation. Save for the above-mentioned matters, BBMG Concrete has the right to exercise all other rights attached to the entrusted equity interest (including right to dividend and right to vote in shareholders meetings). Beijing Junxing Concrete Co., Ltd. (北京軍星混凝土有限責任公司) is our subsidiary pursuant to Hong Kong law, while its financial statements are not consolidated into the consolidated financial statements of our Company as we have not exercised control over its board of directors during the Track Record Period.

(8) The remaining equity interest of these companies are held by independent third parties save for their holding of equity interest in such subsidiaries.

(9) Beijing Cement Plant holds the remaining 45.0% equity interest in Xinbeishui.

(10) Taihang Cement is company listed on the Shanghai Stock Exchange.

(11) BBMA, our wholly owned subsidiary, holds 15.0% of the equity interest in NanoMei, holds 20.0% of the equity interest in Beijing Xisanqi New Materials Science and Technology Incubator Co., Ltd. (北京西三旗新材料科技孵化器有限責任公司) and holds 0.374% of the equity interest in Tiantan Furniture. The remaining 5.0% equity interest in NanoMei and 6.571% equity interest in Tiantan Furniture are held by independent third parties.

(12) Tiantan Allied Industrial, our wholly owned subsidiary, holds 10.0% of the equity interest in BBMG Century City.

(13) Jinzhiding, our wholly owned subsidiary, holds 51.0% of the equity interest in Beijing VAWO Heat Insulation Materials Co., Ltd. (北京萬屋保温工程材料有限公司), and the remaining 49.0% equity interest in Beijing VAWO Heat Insulation Materials Co., Ltd. (北京萬屋保温工程材料有限公司) is held by BBMA, our wholly owned subsidiary.

(14) The remaining equity interest of Tongda Refractory is held by Sinoma International (a subsidiary of Sinoma, one of our promoters) as to 11.4%, Beijing Enterprises Holding High Tech Development Co., Ltd. (北控高科技發展有限公司) (an independent third party) as to 9.5%, Tangshan Sinoma Heavy Machinery Co., Ltd. (唐山中材重型機械有限公司) (a subsidiary of Sinoma, one of our Promoters) as to 6.65%, Jiangsu Sinoma Cement Technology and Engineering Co., Ltd. (江蘇中材水泥技術裝備有限公司) (a subsidiary of Sinoma, one of our Promoters) as to 5.7%, Beijing Guojian Yichuang Investment Co., Ltd. (北京國建易創投資有限公司) (an independent third party) as to 4.75% and Zhengzhou Julong Investment Corporation (鄭州巨龍投資股份有限公司) as to 5.0%.

(15) Our Group holds 51% equity interest in BBMG Vanke, while its financial statement is not consolidated into the consolidated financial statements of our Company as a subsidiary because our Group does not have unilateral control, but joint control over the financial and operating policies of BBMG Vanke.

(16) Although our Group holds more than 50.0% equity interest in these companies, their financial results are not consolidated into the consolidated financial statements of our Group as subsidiaries because our Group do not have influence the financial and operating policies of these companies pursuant to the respective sub-contracting agreements entered into with third parties.

(17) For accounting purposes, these companies accounted for under our property investment and management segment.

(18) Maydos-Sanqi Coating, our wholly owned subsidiary, holds 55.0% of the equity interest in Xinjiang Maydos-Sanqi Coating Co., Ltd. (新疆美涂三旗塗料有限公司). The remaining 45.0% of the equity interest in this company is held by an independent third party.

(19) The operating period of Hainan Dihao Furniture Co., Ltd. (海南帝豪家具有限公司) was expired on 27 February 2009 and it is in the course of dissolution.

(20) The remaining 20.0% equity interest in Ji'nan Star Building Materials Co., Ltd. (濟南星牌建材有限公司) is held by Beijing Shenghua Building Decoration Co., Ltd. (北京生華建築裝飾有限公司), which is 80.0% owned by BSBM and 20.0% owned by Beijing Jianzong Construction, Installation and Engineering Co., Ltd. (北京建總建築安裝工程有限公司).

(21) BBMT-Xinke, which is held by BBMT as to 92.15% and by nine natural persons as to 7.85%, holds 11.41% of the equity interest in Beijing Leka Building Materials Co., Ltd. (北京樂卡建材有限責任公司). BBMT-Xinke holds the following three subsidiaries:

Taiyuan Jianmao-Xinke Decoration Materials Co., Ltd. (太原建貿新科裝飾材料有限公司)	100.0%
Tianjin Jianmao-Xinke Decoration Materials Sales Co., Ltd. (天津建貿新科裝飾材料銷售有限公司)	100.0%
Zhengzhou Xinke Decoration Materials Co., Ltd. (鄭州新科裝飾材料有限公司)	100.0%

(22) The remaining 20.0% equity interest of Beijing Shenghua Building Decoration Co., Ltd. (北京生華建築裝飾有限公司) is held by Beijing Jianzong Construction, Installation and Engineering Co., Ltd. (北京建總建築安裝工程有限公司), our wholly owned subsidiary.

(23) Xisanqi High-Tech Building Materials, our wholly owned subsidiary, holds 35.0% of the equity interest in Beijing Xisanqi New Materials Science and Technology Incubator Co., Ltd. (北京西三旗新材料科技孵化器有限責任公司).

(24) Beijing GEM, our wholly owned subsidiary, holds 10.0% of the equity interest in BBMG Century City.

(25) The remaining 20.0% of the equity interest is held by Wildwind Group Real Estate Co., Ltd. (野風集團房地產股份有限公司) (an independent third party save for its holding of such equity interest).

(26) Inner Mongolia BBMG Landmark Investment Co., Ltd. (內蒙古金隅置地投資有限公司), our wholly owned subsidiary, holds 100.0% of the equity interest in Inner Mongolia BBMG Property Management Co., Ltd. (內蒙古金隅物業服務有限公司).

THE CORPORATE PLACING

We have entered into agreements with five corporate investors (the "**Corporate Investors**" and each a "**Corporate Investor**") who in aggregate have agreed to subscribe for up to approximately US$175 million worth of our H Shares at the Offer Price (collectively, the "**Corporate Placing**"). Assuming an Offer Price of HK$5.78 (being the mid-point of the Offer Price range set out in this prospectus), the total number of H Shares subscribed by the Corporate Investors will be approximately 234,645,000, which is approximately 6% of the Shares outstanding, upon completion of the Global Offering and 25% of the Offer Shares (assuming the Over-allotment Option is not exercised), respectively. Assuming an Offer Price of HK$5.18 (being the lowest point of the Offer Price range set out in this prospectus), the total number of H Shares subscribed by the Corporate Investors will be approximately 261,822,500, which is approximately 7% of the Shares outstanding, upon completion of the Global Offering and 28% of the Offer Shares (assuming the Over-allotment Option is not exercised), respectively. Each of the Corporate Investors is an independent third party not connected with us and none of them (in the case of China Investment Corporation, holding of H Shares by associates of Central Huijin Investment Ltd ("**Huijin**"), a wholly owned subsidiary of China Investment Corporation, is excluded) will be a substantial shareholder of our Company upon Listing and during the six-month lock-up period as described below.

The Corporate Placing forms part of the International Placing. None of the Corporate Investors (in the case of China Investment Corporation, the subscription of the Offer Shares by associates of Huijin, is excluded) will subscribe for any Offer Shares under the Global Offering other than pursuant to the respective corporate investor agreements. The Offer Shares to be subscribed for by the Corporate Investors will rank *pari passu* in all respects with the fully paid Shares in issue and will be counted towards the public float of our Company. None of the Corporate Investors has a representative on our Board. The Offer Shares to be subscribed for by the Corporate Investors will not be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offer in the event of over-subscription under the Hong Kong Public Offer as described in "*Structure of the Global Offering — Hong Kong Public Offer*".

Each of the Corporate Investors has agreed that, without the prior written consent of the Company and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any H Shares subscribed for pursuant to the respective corporate investor agreement (or any interest in any company or entity holding any of the H Shares if as a result of that disposal, such company or entity would cease to be an affiliate of the Corporate Investor). Each Corporate Investor may transfer the H Shares so subscribed for in certain limited circumstances, such as transfer to a wholly owned subsidiary or an affiliate of such Corporate Investor and any such transfer can only be made when the transferee agrees to be subject to the restrictions on disposal imposed on such Corporate Investor.

OUR CORPORATE INVESTORS

Corporate investor	Maximum investment amount	Number of H Shares(1)	Percentage of total number of Offer Shares(1)	Percentage of interest in our issued share capital immediately following the Global Offering(1)	Number of H Shares(2)	Percentage of total number of Offer Shares(2)	Percentage of interest in our issued share capital immediately following the Global Offering(2)
	(USD in million)						
BOCGI	50	67,041,500	7%	2%	74,806,500	8%	2%
China Life	50	67,041,500	7%	2%	74,806,500	8%	2%
China Investment Corporation	35	46,929,000	5%	1%	52,364,500	6%	1%
Honeybush Limited	20	26,816,500	3%	1%	29,922,500	3%	1%
Och Ziff	20	26,816,500	3%	1%	29,922,500	3%	1%

Notes:

(1) Rounded down to the nearest board lot of Shares and assuming an Offer Price of HK$5.78 (being the mid-point of the Offer Price range) and assuming the Over-allotment Option is not exercised.

(2) Rounded down to the nearest board lot of Shares and assuming an Offer Price of HK$5.18 (being the lowest point of the Offer Price range) and assuming the Over-allotment Option is not exercised.

We set out below a brief description of each of our Corporate Investors:

Bank of China Group Investment Limited

Bank of China Group Investment Limited ("**BOCGI**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot) as may be purchased with an amount up to HK$387,500,000 (approximately US$50 million) at the Offer Price. Assuming a mid-point Offer Price of HK$5.78, BOCGI will subscribe for 67,041,500 H Shares, which represents approximately (i) 2% of the Shares issued and outstanding upon completion of the Global Offering and (ii) 7% of the total number of Offer Shares, both assuming that the Over-allotment Option is not exercised.

BOCGI is a wholly owned subsidiary of Bank of China Limited and has invested in a large number of large infrastructure and other major projects in Hong Kong, Macau, the PRC and overseas locations, covering such sectors as real estate, industry, energy, transportation, media, hotel and finance.

China Life Insurance (Group) Company

China Life Insurance (Group) Company ("**China Life**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot) as may be purchased with an amount up to HK$387,500,000 (approximately US$50 million) at the Offer Price. Assuming a mid-point Offer Price of HK$5.78, China Life will subscribe for 67,041,500 H Shares, which represents approximately (i) 2% of the Shares issued and outstanding upon completion of the Global Offering and (ii) 7% of the total number of Offer Shares, both assuming that the Over-allotment Option is not exercised.

China Life is the controlling shareholder of China Life Insurance Company Limited ("**China Life Insurance**"). China Life Insurance is a company incorporated on 30 June 2003 in the PRC. The company was successfully listed on the New York Stock Exchange and the Hong Kong Stock Exchange in December 2003, and successfully listed on the Shanghai Stock Exchange in January 2007. China Life Insurance is one of the largest life insurance companies in China. China Life Insurance has an extensive distribution network in China, comprising exclusive agents, direct sales representatives, and dedicated and non-dedicated agencies. China Life Insurance's products and services include individual life insurance, group life insurance and accident and health insurance. China Life Insurance is a leading provider of annuity products and life insurance for both individuals and groups, and a leading provider of accident and health insurance. China Life Insurance also provides both individual and group accident and short-term health insurance policies. As the holding company of China Life Insurance Assets Management Co., Ltd., China Life Insurance is one of the largest insurance asset management companies in China and also one of the largest institutional investors in China.

China Investment Corporation

Best Investment Corporation ("**Best Investment**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot) as may be purchased with an amount up to US$35 million at the Offer Price. Assuming a mid-point Offer Price of HK$5.78, Best Investment will subscribe for 46,929,000 H Shares, which represents approximately (i) 1% of the Shares issued and outstanding upon completion of the Global Offering and (ii) 5% of the total number of Offer Shares, both assuming that the Over-allotment Option is not exercised.

Best Investment is incorporated under the PRC Company Law and is a wholly owned subsidiary of China Investment Corporation ("**CIC**"). CIC is an investment institution established as a wholly State-owned company under the PRC Company Law and headquartered in Beijing. CIC is mainly engaged in foreign exchange investment management businesses, including equity investments in major domestic financial institutions and overseas investments in traditional capital market products and alternative assets.

Honeybush Limited

Honeybush Limited has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot) as may be purchased with an amount up to US$20 million at the Offer Price. Assuming a mid-point Offer Price of HK$5.78, Honeybush Limited will subscribe for 26,816,500 H Shares, which represents approximately (i) 1% of the Shares issued and outstanding upon completion of the Global Offering and (ii) 3% of the total number of Offer Shares, both assuming that the Over-allotment Option is not exercised.

Honeybush Limited is a private company incorporated in the British Virgin Islands and is a trustee for a number of beneficiaries who are all members of the Kuok group, being companies owned and/or controlled by Mr. Kuok Hock Nien and/or interests associated with him.

OZ Management LP

OZ Management LP ("**Och Ziff**") has agreed, for and on behalf of OZ Funds (as defined below), to subscribe for such number of Offer Shares (rounded down to the nearest board lot) as may be purchased with an amount up to US$20 million at the Offer Price. Assuming a mid-point Offer Price of HK$5.78, Och Ziff will subscribe for 26,816,500 H Shares, which represents approximately (i) 1% of the Shares issued and outstanding upon completion of the Global Offering and (ii) 3% of the total number of Offer Shares, both assuming that the Over-allotment Option is not exercised.

OZ Master Fund, Ltd. founded in December 1997, OZ Asia Master Fund, Ltd. founded in February 2005, and OZ Global Special Investments Master Fund, L.P. founded in November 2005 are registered in the Cayman Islands (collectively, the "**OZ Funds**") and mainly invest in a portfolio of equity and debt securities and other assets. The investment manager of each of the OZ Funds is Och Ziff, an operating entity of Och-Ziff Capital Management Group LLC. Och-Ziff Capital Management Group LLC is a leading global institutional asset management firm with over US$20 billion of assets under management as at 1 July 2009. The investment objective of each of the OZ Funds is to generate consistent absolute returns on investments in equity and debt securities and other assets.

OVERVIEW

We are one of the largest building materials manufacturers in the PRC and the largest in the Beijing-Bohai Gulf Region. We are also a large-scale property investment and management company and leading property developer in Beijing. We have a portfolio of over 100 subsidiaries grouped into four segments: cement, modern building materials, property investment and management, and property development. We hold the following market positions:

- **Cement**

  In 2008, we were, together with our associate Taihang Cement and its subsidiaries, the largest supplier of cement in the area comprising Beijing, Tianjin and Hebei Province (of which approximately 60% was attributable to us and 40% was attributable to Taihang Cement and its subsidiaries), according to the China Cement Association, with our Group alone supplying approximately 40% of the market share in Beijing by sales volume, according to the Beijing Cement Industry Association. Our cement manufacturing facilities are environmentally friendly, combining modern manufacturing methods with residual heat recovery technologies. With our cement production facilities, we can process up to 100,000 tonnes of waste per year using a high temperature kiln. Our cement production provides a steady supply stream for our commercial concrete operations, which were the largest in Beijing in 2008 by output volume, according to the Beijing Concrete Association. Despite not having a contractual relationship with the Beijing Organising Committee, our market strength and product quality, together with our manufacturing capabilities, enabled us to serve as the largest cement supplier for construction projects related to the 2008 Olympic Games in Beijing, according to the Beijing Building Materials Association.

- **Modern building materials**

  In 2008, we were the largest modern building materials manufacturer in Beijing according to the Beijing Building Materials Association. We were also certified by the China Building Materials Federation as a leading modern building materials manufacturer in the PRC in 2007. We produce a broad spectrum of modern building materials, including furniture, mineral wool acoustic boards, wall body materials and refractory materials, and we occupy a leading position in many of these markets. Our facilities are modern and environmentally friendly, with manufacturing methods that recycle industrial waste and reduce our environmental footprint. These operations are supported by nationally recognised research, development and design capabilities. In addition to manufacturing, we also act as a distributor in China for various internationally known brands of household fixtures, such as household plumbing and fixtures manufacturers Kohler and TOTO, on a non-exclusive basis.

- **Property investment and management**

  We are a large-scale investor and manager of mid-market to high-end properties in Beijing. We primarily invest in and manage self-developed property. We invest in offices, commercial spaces and parking spaces. As at 31 May 2009, our investment properties had an aggregate GFA of approximately 595,594.0 sq.m. We also manage over one million square metres of high-end investment properties through BBMG Property Management, which holds a Class 1 property management qualification, and other types of property through our other property management subsidiaries.

- **Property development**

  In 2007, we were one of the 10 largest property development companies in Beijing in terms of GFA sold, according to statistics released by the Beijing Statistics Bureau. We have a long history of developing properties (having developed over five million square metres of GFA since 1987), with many of our properties developed or under development located at prime locations throughout Beijing, including areas near the ring roads. We develop a wide variety of properties, including office buildings, commodity housing and affordable housing. We were the largest developer of affordable housing in Beijing in terms of the number of projects, as certified by the Beijing Real Estate Association in 2008. As at 31 May 2009, we had a total of 26 property projects in Beijing; Hangzhou, Zhejiang Province; and Huhhot, Inner Mongolia in various stages of development, including an aggregate GFA of approximately 3,313,341.3 sq.m. of completed property developments, an aggregate planned GFA of approximately 1,349,526.9 sq.m. under development and an aggregate planned GFA of approximately 2,325,794.6 sq.m. held for future development.

We seek to integrate our business segments, which range from the production of building materials to their distribution and application, with a view to maximising the synergies among these segments. Examples of our integration and our internal synergies include our concrete processing plants using internally sourced cement and our property development projects using internally sourced building materials. In addition, our construction design company's policy is to link our modern building materials and property development segments by integrating our energy saving, environmentally friendly modern building materials into its designs. Following completion of our property development projects, we seek to manage certain properties through our subsidiaries in our property investment and management segment.

We have combined this broad product platform under our brand name through the creation of the "BBMG Home" retail stores and design centres. These stores and centres provide product displays in a retail setting designed to highlight our products and offer project design services. Through the BBMG Home initiative, we aim to become a one-stop shop for the property development and refurbishment industry.

Economic development and reforms in the PRC have had the overall effect of increasing investment in the property sector over the last decade. This growth has been especially pronounced in Beijing, Tianjin and Hebei Province. The Beijing Municipal Bureau of Industrial Development and SASAC of the People's Government of Beijing Municipality emphasised the need to develop the modern building materials industry in their five-year plan for the years 2006 to 2010. As the largest building materials manufacturer and supplier in the Beijing-Bohai Gulf Region, we believe we stand to benefit from these government initiatives, which we believe will also contribute to our future growth. For further details of these initiatives, see *"Industry Overview — Segment Analysis — Modern building materials market — Industry overview"*.

Our revenue for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 was RMB6,612.3 million, RMB8,080.5 million, RMB8,550.7 million and RMB2,164.2 million, respectively. For the same periods, our net profit was RMB536.8 million, RMB693.8 million, RMB1,386.0 million and RMB149.7 million, respectively.

The following table sets out, for the periods indicated, the amount and percentage of our revenue from each of our four business segments:

	Year ended 31 December						Three months ended 31 March			
	2006		2007		2008		2008		2009	
Segment	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
							(unaudited)			
	(RMB in millions, except for percentages)									
Cement	2,002	30.2	2,745	34.0	3,315	38.8	640	29.8	834	38.5
Modern building materials	1,922	29.1	2,564	31.7	2,702	31.6	626	29.1	558	25.8
Property investment and management	553	8.4	671	8.3	630	7.4	159	7.4	163	7.5
Property development	2,155	32.6	2,415	29.9	1,968	23.0	729	33.9	614	28.4
Inter-segment elimination	(20)	(0.3)	(315)	(3.9)	(64)	(0.8)	(4)	(0.2)	(5)	(0.2)
Total	6,612	100	8,080	100	8,551	100	2,150	100	2,164	100

OUR CORPORATE COMPETITIVE STRENGTHS

We benefit from integration within and among our four business segments.

We have integrated our production, distribution and application chains within and among our four business segments. Within the cement segment, our concrete mixing stations source cement primarily from our operations, resulting in a steady demand for our cement products and a secure source of quality raw materials for our concrete production stations. To further integrate our operations in our modern building materials segment, we have set up separate internal platforms for project information sharing, connecting strategic partners and internal marketing. By consolidating these decision making functions into group level platforms, we anticipate being able to bundle products while ensuring a stable flow of resources. In addition, we believe that continued consolidation of our subsidiaries' sales and purchasing networks will provide us with greater market power and negotiating strength.

As part of our intersegment integration, we strive to source our property development projects' need for cement and modern building materials internally, including sometimes requiring third-party contractors to use our products. In turn, our property development projects support our property investment and management segment by providing high value and high profile investment opportunities. This allows us to use the feedback and information gained from our property investment and management staff in planning, designing and constructing our property developments.

We also have the ability to cross-market to third-party customers under the BBMG (金隅) brand. We aim to be involved in property development projects from conception to completion and beyond through our BBMG Home retail chain. We believe that, when combined under the BBMG (金隅) brand name, the market view of us as a one-stop shop for building material supplies provides a competitive advantage over many of our rivals.

We are a leading cement and modern building materials company in Beijing, Tianjin and Hebei Province.

We are a leading cement and building materials manufacturer in Beijing, Tianjin and Hebei Province. We, together with our associate Taihang Cement and its subsidiaries, were the largest supplier of cement in Beijing, Tianjin and Hebei Province in 2008. BBMG Concrete, which manages our concrete processing operation, was the largest concrete producer by output volume in Beijing in 2008. We were also the largest ALC manufacturer in northern China in 2008 in terms of production capacity, production, sales volume and revenue. We possess economies of scale and scope that give us advantages over many of our competitors.

Furthermore, despite not having a contractual relationship with the Beijing Organising Committee, we were the largest building materials supplier for construction projects related to the 2008 Olympic Games in Beijing, including the National Stadium (commonly known as the "Bird's Nest" (鳥巢)) and the National Aquatics Centre (commonly known as the "Water Cube" (水立方)). In addition, our cement and modern building materials have been used in many of Beijing's high-profile projects, such as Terminal Three of the Beijing Capital International Airport, the People's Grand Hall and the new CCTV Tower. We intend to further build on our market position in the future.

We have strong research and development capabilities.

We focus on environmentally friendly operations and products and have dedicated ourselves to investing in research and development, allowing us to introduce innovative products to our customers. Our technical centre comprises BBMA, the headquarters unit, and seven branch research centres. We also have research and development departments within many of our subsidiaries. BBMA collaborates with our seven branch research centres and the research departments in our subsidiaries in their research efforts.

We believe that this arrangement enables us to consistently draw on a pool of talent that is deeper and more diverse than the talent pools available to our competitors. All together, these research units had over 700 professional staff members as at the Latest Practicable Date. Among them, over 60 have advanced degrees (including master and Ph.D. degrees), and about three-quarters of them are qualified engineers (with over 50 being senior engineers).

As at the Latest Practicable Date, we held, on our own and jointly with independent third parties, 33 patents for various technological advances and had drafted or revised over 30 national and industrial standards for the building materials industry. We have been able to develop, for example, proprietary technology enabling us to recycle industrial waste as fuel and raw materials in our cement production and to generate power from residual heat recovery. In addition to being environmentally friendly, these initiatives conform to the PRC Government's efforts to promote a Circular Economy and yield economic benefits for us.

As a result of our research and development efforts, 10 of our subsidiaries, including Tongda Refractory and BBMG Mangrove Environmental, have been accredited as high- and new-technology enterprises by the Beijing Municipal Science and Technology Commission (北京市科學技術委員會), under the municipal government of Beijing, and have enjoyed tax benefits under relevant PRC tax laws and regulations. For a list of these enterprises, see "*Financial Information — Taxation — PRC corporate income tax*".

Our brand names are well recognised and have a good market reputation.

Our Directors believe that our brand names provide us with a competitive advantage. Our strong brand name recognition allows us to market ourselves as a one-stop shop for the property development and construction industries.

Our brand name, BBMG (金隅) (which we license from our Parent), is well recognised and highly regarded in the markets in which we sell our products and provide our services. In 2006, cement products produced under the brand "BBMG" (金隅) were certified as a "Beijing Famous-Brand Product" (北京名牌產品) by the Beijing Bureau of Quality and Technical Supervision (北京市質量技術監督局), and our "Dingxin" (鼎鑫) brand was named as a well known trademark of Hebei Province by Hebei Administration for Industry and Commerce.

The brand names under which we sell modern building materials products, such as "Tiantan" (天壇) and "Great Wall" (長城) for furniture, "Star" (星牌) for mineral wool acoustic boards, and "Tongda" (通達) for refractory materials, also enjoy strong recognition in their respective markets. The "Tiantan" name has been recognised by the Trademark Office of the State Administration for Industry and Commerce as a "China Well-Known Mark" (中國馳名商標) since 1999, its wooden furniture was recognised as a "China Famous-Brand Product" (中國名牌產品) by the PRC General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) and its furniture was named as a "Beijing Famous-Brand Product" in September 2006. Among mineral wool acoustic boards, the "Star" (星牌) brand was recognised as a "China Famous-Brand Product" in September 2007 and as a "Beijing Famous-Brand Product" in September 2006.

We have an experienced, professional and dedicated management team.

Our senior management team has extensive experience in the industries in which we operate, and most of the team members have spent more than 20 years with our Group Companies. This experienced, professional and dedicated management team brings a wealth of knowledge to our day-to-day operations and provides strategic direction to our company mission. Our management team has in the past enabled us to integrate and improve the operations of the entities acquired during the Track Record Period. For example, we acquired Dingxin Cement in 2007 and improved its production and sales for that year without significantly altering its existing facilities. With such extensive industry-related experience among our senior management, we believe we have the ability to better anticipate market opportunities in comparison with our competitors.

OUR CORPORATE BUSINESS STRATEGIES

Focus on our core competencies and continue to expand in our key business segments.

Our future plans are to expand our key business segments, both vertically and horizontally, in the Beijing-Bohai Gulf Region. We are primarily a manufacturer of cement and modern building materials and a developer and manager of property. We intend to capitalise on our strength and experience in these business segments by expanding our scale of operations and developing a wider range of products and services for our customers.

We intend to further increase the market share of our cement business through selective acquisition or construction of new cement plants and commercial concrete mixing stations. Through this expansion, by 2010 we expect to achieve a cement production capacity of 30 million tonnes and a commercial concrete production capacity of 10 million cb.m. per year (including the current capacity of our associate Taihang Cement but excluding any future expansion by Taihang Cement).

In our modern building materials business, we intend to gradually relocate our manufacturing facilities from Beijing to Dachang Industrial Park. This will enable us to expand our production capacity, upgrade our production technology and, at the same time, reduce production costs through greater economies of scale. We are in the process of setting up a new mineral wool acoustic board production line with an expected annual capacity of 25 million sq.m. and a new ALC production line with an expected annual capacity of 800,000 cb.m. in Dachang. Upon completion, which is expected to be in September 2009, we anticipate that the respective production line for mineral wool acoustic boards and ALC will be the largest line in terms of capacity in the Asia-Pacific Region and China, respectively.

For our property investment and management segment, we plan on increasing the number of high-end investment properties located at prime locations in Beijing through conversion of our self-developed properties into investment properties. We also plan on steadily growing our property development business by focusing on the Beijing market while, at the same time, expanding the range of our offerings and prudently considering expansion to other cities where we will have property development operations.

Concentrate on bringing modern, environmentally friendly and energy saving products and production methods to the market.

We intend to continue developing new, innovative and more environmentally friendly products and production methods that will supplement and enhance our market reputation. We are focusing on adding production capacity for energy saving products that have insulative properties, such as ALC and glass wool. Furthermore, the BBMG 7090 property development project, which uses new energy saving and environmentally friendly building materials, was approved as a "National Healthy Residence Model Project" (國家康居住宅示範工程) by the former Ministry of Construction in 2007, which we believe is appealing to consumers.

Our Directors are also attentive to the PRC Government's directive to build a Circular Economy. We will therefore continue to maximise our use of residual heat recovery with the aim of reducing our electricity usage and expand our use of high temperature kilns to dispose of industrial waste.

Our Directors believe that this focus translates into market opportunities. We sold over 50 different products, including cement, refractory materials, ALC, furniture, paint and mineral wool acoustic boards, to the construction projects for the 2008 Olympic Games in Beijing, and our Directors believe that this was partly due to our products being more environmentally friendly than our competitors'.

Further integrate our operations along our product chain.

We seek to further integrate our operations along our product chain to achieve greater synergy among our business segments. Our business has benefited from the initiatives that we have already undertaken towards integration, and our Directors believe that further integration will continue to bring benefits.

Further integration of our various sales and marketing operations will serve as a platform for cross-marketing our products and services while increasing brand awareness. Through branding efforts such as our "BBMG Home" retail stores and design centre, we aim to continue to increase customer awareness of our capacity to act as a one-stop shop for all of their building development and refurbishment needs. Expansion of this initiative will enable us to further penetrate the retail and wholesale market and increase customer awareness.

Further integrate our internal resources.
We plan on further integrating our internal systems for procurement and sales. In our cement segment, for instance, we plan on centralising our raw material procurement operations and consolidating our sales and marketing teams.

We also plan to further consolidate the management and operations of our existing subsidiaries engaging in the production of similar products, such as our subsidiaries producing cement, paint and ALC. We believe that further integration of our management and operations will enhance the efficiency in our resource allocation.

In conjunction with this consolidation, we plan to centralise our facilities in industrial parks outside Beijing. Our Directors believe that co-locating these facilities will yield economic benefits by allowing us to share resources and enabling us to centralise our supply chain thereby enhancing efficiency.

CEMENT SEGMENT

Overview

We, together with our associate Taihang Cement and its subsidiaries, were the largest cement supplier in terms of sales volume, in the area comprising Beijing, Tianjin and Hebei Province in 2008 (of which approximately 60% was attributable to us and 40% was attributable to Taihang Cement and its subsidiaries), according to the China Cement Association. In 2008, our Group alone (excluding Taihang Cement) dominated the Beijing market by supplying 40% of market demand. According to the statistics of the Beijing Cement Industry Association, we (excluding Taihang Cement) were the market leader in producing high-grade cement in Beijing, supplying approximately 70% of market demand in 2008. Despite not having a contractual relationship with the Beijing Organising Committee, we were the largest supplier of cement to the construction projects related to the 2008 Olympic Games in Beijing, according to the Beijing Building Materials Association. We have a long history of producing cement, with Liulihe Cement (first established in 1939) being one of the pioneers of cement production in the PRC and having nurtured a large amount of talent in the areas of cement production, management and technology.

Our cement sales volume in 2008, together with the sales volume of our associate Taihang Cement and its subsidiaries, was approximately 14.1 million tonnes (of which approximately 60% was attributable to us and 40% was attributable to Taihang Cement and its subsidiaries). As at the Latest Practicable Date, we, together with our associate Taihang Cement and its subsidiaries, operated nine NSP cement plants with 14 production lines (excluding grinding stations) in Beijing, Hebei Province and Heilongjiang Province (of which eight production lines were ours and six production lines belonged to Taihang Cement and its subsidiaries). By 2010, we expect to grow our combined cement production capacity to approximately 30 million tonnes per year (not including any future expansion by Taihang Cement).

We, together with our associate Taihang Cement and its subsidiaries, also operated six commercial concrete mixing stations and a fleet of 135 concrete mixing trucks and 19 pumping trucks in Beijing (of which five concrete mixing stations, 125 mixing trucks and 17 pumping trucks were attributable to us) as at the Latest Practicable Date. In 2008, our subsidiary BBMG Concrete was ranked as the largest concrete manufacturer in Beijing by output volume, according to the Beijing Concrete

Association. For the year ended 31 December 2008, the commercial concrete production volume of our subsidiary, BBMG Concrete, was 2.3 million cb.m.

We focus on modern, environmentally friendly and energy saving methods of cement production. Our subsidiaries in the cement segment have obtained various product quality certifications, including certifications for ISO 9001, ISO 10012, ISO 14001 and GB/T28001.

The PRC Government has recently proposed a two-year RMB4.0 trillion economic stimulus package, much of which is expected to be spent to finance programs in major areas such as basic infrastructure and residential housing. As the largest cement supplier in Beijing, Tianjin and Hebei Province, we believe we and our associate Taihang Cement will benefit from various construction projects under this stimulus package.

In 2008 and 2009, we were the cement and concrete suppliers for certain major infrastructure projects in China, such as the Beijing-Shanghai Express Railway, the Zhungeer-Shuozhou Railway, the Beijing-Shijiazhuang Railway, the Shijiazhuang-Wuhan Railway, the No. 10 line of Beijing Subway and the "South-to-North Water Diversion" project in China, and our associate Taihang Cement was the supplier for the construction of the Tianjin-Qinhuangdao Railway.

For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the revenue of our cement segment was RMB2,001.5 million, RMB2,745.8 million, RMB3,314.8 million and RMB833.7 million, respectively, representing approximately 30.3%, 34.0%, 38.8% and 38.5%, respectively, of our Group's total revenue for these periods.

The table below sets out certain financial information of our cement business (excluding Taihang Cement) and the business of Taihang Cement and its subsidiaries, respectively, for the periods indicated.

	2006	2007	2008
		RMB million	
Our cement business			
Revenue (for the year ended 31 December)	2,002	2,746	3,315
Total assets(1) (as at 31 December)	2,440	4,618	5,227
Taihang Cement and its subsidiaries(2)			
Revenue (for the year ended 31 December)	1,167	1,262	1,453
Net profit (for the year ended 31 December)	60	75	48
Total assets (as at 31 December)	1,941	2,049	2,064

Notes:

(1) Before inter-segment elimination.

(2) The consolidated financial information of Taihang Cement and its subsidiaries was extracted from Taihang Cement's annual reports for the years ended 31 December 2006, 2007 and 2008, respectively. The financial information of Taihang Cement and its subsidiaries was prepared in accordance with generally accepted accounting principles in the PRC, which are different in material respects from HKFRS, the basis of the preparation of our financial information.

Change in portfolio companies

During the Track Record Period, we manufactured some of our cement through two subsidiaries that are no longer a part of our Group, namely Beijing Yanshan and Beijing Pinggu (which were both acquired by us as a result of the Reorganisation and were sold in December 2007). The revenue of Beijing Yanshan and Beijing Pinggu represented approximately 4.1% and 6.7%, respectively, of the total revenue of our cement segment in 2007. In addition, some of our current subsidiaries were not consistently a part of our operations throughout the Track Record Period, namely Xinbeishui (which was established on 31 December 2006 but only commenced production in March 2008), Dingxin Cement (which we acquired on 25 April 2007) and Zanhuang Cement (which was established on 20 February 2008 and commenced production in July 2008). Finally, one of Dingxin Cement's production lines was transferred to Beijing Pinggu on 30 June 2008, as discussed in *"Risk Factors — Risks Relating to Our Cement Business — We may be liable for potential environmental liabilities of Dingxin Cement"*, but we have entered into an agreement with Beijing Pinggu in June 2009 for the repurchase of such line, for further details, see "— *Production capacity and volume*" below.

Our subsidiary, Taihang Huaxin controls 30% of the shares in Taihang Cement, a PRC cement company listed on the Shanghai Stock Exchange. The remaining equity interest of Taihang Cement is held by a large number of retail and institutional shareholders. On 15 July 2008, we entered into a cement product distribution agreement with our Parent, our associate Taihang Cement, and our subsidiary Dingxin Cement in relation to the sale of cement, clinker and concrete products produced by us and Taihang Cement. For further details on this agreement, see "— *Sales and marketing — Taihang Cement Distribution Agreement*".

Our cement segment's competitive strengths

We are a leading cement company in Beijing with large-scale operations.

With our scale of operation and the large quantity of raw materials and supplies that we consume, we are able to leverage our manufacturing capabilities and increase our negotiating power. We are often selected to supply large-scale and high-profile construction projects, such as Terminal Three of the Beijing Capital International Airport and the new CCTV tower. Despite not having a contractual relationship with the Beijing Organising Committee, we were a leading cement supplier for the construction projects related to 2008 Olympic Games in Beijing, supplying approximately 90% of the cement used in the construction of the Olympic stadiums, including 200,000 and 50,000 tonnes of cement to the National Stadium and the National Aquatics Centre, respectively.

As a large-scale cement producer recognised by the PRC Government, we are well positioned to benefit from future industry consolidation.

On 31 December 2006, the PRC Government named 12 national, large-scale cement manufacturers which were entitled to preferential policies designed to:

- support cement production using the NSP method and discourage out-dated production methods;
- enforce strict market entry requirements; and
- encourage further consolidation in the cement industry.

Our Parent, as the holder of most of our cement operations at that time, was included among the 12 national, large-scale manufacturers named and was entitled to the PRC Government's support in the form of priority for the approval of projects, the granting of land use rights and the approval of bank loans. As a result of the Reorganisation, we now hold most of the cement operations of our Parent, and we believe that we will therefore be able to benefit from this PRC Government's support.

The PRC Government has enacted several additional policy initiatives intended to promote consolidation of the PRC cement industry and limit pollution. See "*Risk Factors — Risks Relating to Our Cement Business — Changes in Government policies could have an adverse effect on our cement business*". As the major cement producer and supplier in Beijing, we are taking a leading role in acquiring cement production facilities operated by small-scale manufacturers that use production methods discouraged by the PRC Government. We expect that this will help enable us to increase our production capacity and our presence in the Beijing-Bohai Gulf Region's cement market.

Our cement products are known for their high quality and reputable brand name.

We believe that our cement products are known for their high quality and reputable brand name as a result of the modern manufacturing methods we employ and our strong emphasis on technology and quality control. Approximately 85.6% of the cement sold by us in 2008 was graded PO 42.5 or above, which is of a higher quality than that normally available in the PRC market (where less than approximately 20% of the cement is of that grade or higher). This quality is reflected in the certification and awards granted to our cement manufacturing operations. In 2006, cement products produced under the "BBMG" (金隅) brand were certified as a "Beijing Famous-Brand Product" by the Beijing Bureau of Quality and Technical Supervision. In 2008, our PO 42.5 and PO 32.5 cement produced by Liulihe Cement and Xinbeishui were certified as "High-Grade Products" and "First-Grade Products", respectively, meeting the JC/T452-2002 standard. The same PO 42.5 and PO 32.5 cement products produced by Liulihe Cement were certified in 2006 to be exempt from quality surveillance inspection by the State General Administration of Quality Supervision, Inspection and Quarantine. In addition, the "Dingxin" (鼎鑫) trademark, which is used on cement products sold by Dingxin Cement, was named as a well known trademark of Hebei Province by the Hebei Administration for Industry and Commerce and the cement was named as a "Hebei Province Famous-Brand Product" (河北省名牌產品) by the Hebei Province Quality Awards Review and Approval Committee (河北省品質獎審定委員會) and the Hebei Bureau of Quality and Technical Supervision (河北省品質技術監督局).

We use efficient and environmentally friendly production methods.

We believe that our modern cement manufacturing methods provide us with a significant market advantage. We were among the first cement manufacturers in China to use the NSP production method, which is more environmentally friendly and energy efficient than traditional production methods. In comparison to Hebei Province, Beijing implements higher environmental standards. For example, the industry emissions standard for dust in the PRC is 100 mg/Nm^3, while the standard in Beijing is 50mg/Nm^3. Compared to our main competitors located in Hebei Province, we are required to comply with a more stringent set of environmental requirements. Our subsidiary Xinbeishui's emissions average has reached a higher standard at 8.3 mg/Nm^3. As a result of our more environmentally conscious production methods, we are able to manufacture in Beijing, close to our target market, while other companies unable to meet the emission requirements are being forced to relocate.

We employ market-leading manufacturing methods to increase our efficiency. Some of our processing facilities employ technologically advanced methods for residual heat recovery. Liulihe Cement was among the first manufacturers in the PRC to generate power from residual heat recovery. This enables us to reduce our dependence on other power sources, and lower our costs. In addition, one of our cement subsidiaries, BBMG Mangrove Environmental, was the first cement producer in China to process waste through the use of high temperature kilns in the manufacturing process, for which it is paid a fee by other entities. As a result, the China Building Materials Federation recognised it for having the longest history of processing city waste, for being capable of processing the most diverse array of city waste and for having the largest scale of such operations among building materials companies in the PRC. This allows BBMG Mangrove Environmental to realise savings on raw materials while securing another revenue stream. For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the income derived from processing waste amounted to RMB49.7 million, RMB102.6 million, RMB124.5 million and RMB22.7 million, respectively.

Our environmentally friendly and technologically advanced production methods have allowed us to benefit from VAT refunds and Government grants. For further details of the tax benefits enjoyed by our Group, see "*Financial Information — Taxation — PRC corporate income tax — Preferential tax treatments and Government grants*".

We benefit from the integration of our cement manufacturing operations with our downstream commercial concrete production and property development operations.

Cement is the key material used in commercial concrete production. In recent years, the construction industry has been moving from on-site concrete mixing operations to purchasing commercial concrete from concrete mixing stations. As a result of this trend, demand for concrete from commercial concrete mixing stations has grown, and an increasing proportion of cement produced in the PRC is sold to commercial concrete mixing stations, rather than directly to construction companies.

Despite this competition for cement, our own cement operations provide a steady source of supply for our downstream commercial concrete and property development operations. Currently, all of the cement used by our concrete companies is purchased from internal sources, and the concrete purchased by our downstream operations from commercial concrete mixing stations is sometimes made using cement supplied by us to the mixing station. In turn, as the largest commercial concrete producer in Beijing by volume, our own concrete operations provide a steady source of demand for our cement.

Our cement segment's strategies

Further expand our market share to attain leadership in the Beijing-Bohai Gulf Region through acquisitions and the establishment of new plants.

Our future plans for our cement business include expanding our market share in the greater Beijing-Bohai Gulf Region through acquisitions and internal growth. In 2008, we, together with our associate Taihang Cement and its subsidiaries, were the largest supplier of cement in Beijing, Tianjin and Hebei Province in terms of volume sold. The aggregate cement sales volume of our Group and Taihang Cement and its subsidiaries in 2008 was approximately 14.1 million tonnes (of which approximately 60% was attributable to us and 40% was attributable to Taihang Cement and its subsidiaries).

We plan on capitalising on this market advantage by using part of the proceeds from the Global Offering to further strengthen our present position and expand into the greater Beijing-Bohai Gulf region by selectively acquiring cement plants in the region. By 2010, we expect to grow our combined cement production capacity to approximately 30 million tonnes per year (not including any future expansion by our associate Taihang Cement and its subsidiaries).

However, our expansion plan relating to our cement business may be subject to restrictions in light of the Parent Undertakings. For further details of the Parent Undertakings and the possible restrictions, see "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders*" and "*Risk Factors — Risks Relating to Our General Operations — Our Parent has given legal undertakings which may be detrimental to us*".

Replicate, in our other plants, the success of our Xinbeishui and BBMG Mangrove Environmental plants with respect to environmental protection and the promotion of a Circular Economy.

Our Xinbeishui plant, together with BBMG Mangrove Environmental, uses environmentally friendly technology to combine the processing of waste with its cement production through the use of a high temperature kiln. Separately, Xinbeishui generates power from residual heat recovery. Plants that operate in this fashion are able to reduce their costs by limiting their reliance on costly additives, improving operating efficiency by generating energy internally, and securing additional sources of revenue by entering into disposal contracts with industrial waste generators.

We plan on replicating this success in our other plants by equipping the rest of our cement plants in the same way. Our Liulihe Cement facility has already begun generating power through residual heat recovery. With these energy saving, cost reducing and revenue generating measures, we expect to continue promoting the Government's plan for developing a Circular Economy.

Continue to expand the scale of our commercial concrete operations.

Our commercial concrete production is a downstream component of our cement manufacturing operations. Given the growth in demand for concrete in recent years, we will seek to use our strong market reputation, economies of scale, broad scope, and cross-marketing acumen to grow our commercial concrete business. By 2010, we expect to increase our combined commercial concrete production capacity to 10 million cb.m. per year (not including any future expansion by Taihang Cement).

To lower our production cost, we intend to strategically co-locate our, or acquire new, mixing stations in close proximity to our development projects. We believe that this co-location arrangement could reduce the need for concrete mixing trucks and free up any production capacity that may be constrained by the need to deliver the product across greater distances.

Continue to supplement our mining reserves.

Manufacturing cement is a resource-intensive process that requires large quantities of limestone, among other raw materials. To be cost effective, cement plants generally require access to reliable limestone reserves within a short distance. Currently, most of our cement plants are close to at least one limestone mine that we own or with which we have a supply contract. For the year ended 31 December 2008, approximately 43.6% of the limestone consumed by us in terms of volume was internally sourced.

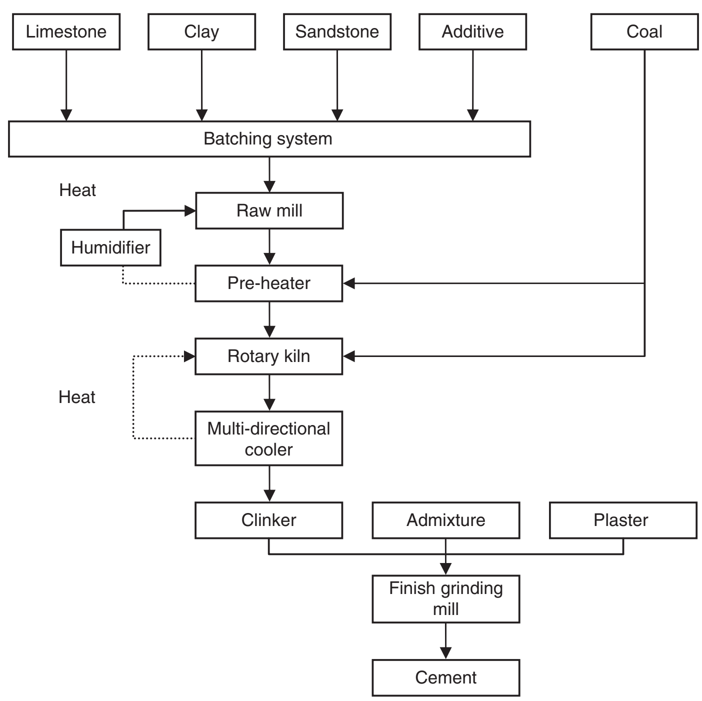
To secure stable and dependable sources of raw materials, we will continue to acquire mining reserves in conjunction with our acquisition of cement production plants. In addition, we anticipate acquiring only cement production plants that have sufficient limestone supplies. Our focus on securing stable and dependable sources for raw materials will help ensure our continued growth in the cement manufacturing industry.

Products

Our operations include the manufacture of cement and concrete. Cement is made by grinding and mixing substances containing limestone, clay, sandstone, fly ash and gypsum and then heating the mixture until it almost fuses. The resulting substance, known as clinker, is then cooled and ground into a fine powder, which is measured in tonnes. This grinding of clinker is often used as a gauge of cement production capacity. Gypsum and other aggregates are added when grinding clinker and mixed with the ground clinker in fixed proportions to make cement.

The following diagram illustrates the principal steps we use in the manufacture of cement:

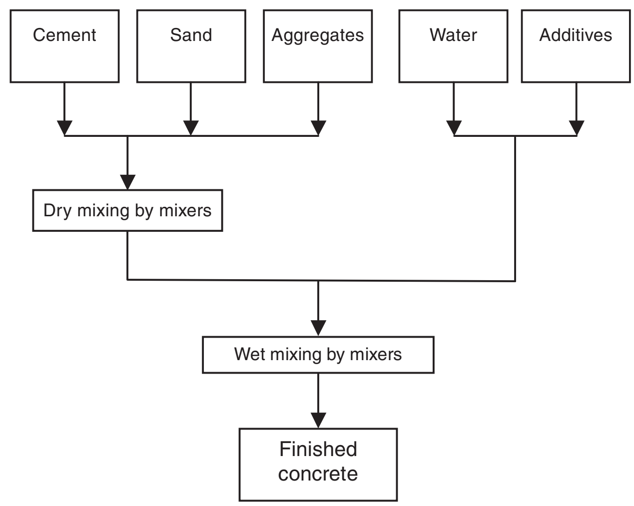
Cement Manufacturing Process (NSP)



Cement, as a raw material, can also be mixed with water and aggregates (such as fly ash, crushed stone, sand, and gravel) to form concrete. The cement and the aggregates, supplied in fixed proportions, are first dry-mixed for 60 to 90 seconds. Water and other additives are then further mixed in to make the final concrete products.

The following diagram illustrates the principal steps we use in the manufacture of concrete.

Concrete Manufacturing Process



Cement is graded according to its compression resistance after setting for 28 days, as measured by compression pressure ranging from 32.5 to 52.5 million Pascals. We are primarily a supplier of high grade cement, with approximately 82.6%, 76.9%, 85.6% and 87.5% of the total volume of the cement we sold in 2006, 2007, 2008 and the three months ended 31 March 2009 having been graded at PO 42.5 or above.

Our concrete products are also graded according to strength, ranging from C05 to C80. We manufacture a wide range of concrete products with grades ranging from C10 to C80.

Production

We, together with our associate Taihang Cement and its subsidiaries, operate 14 cement production lines, of which six are in Beijing, seven are in Hebei Province and one is in Heilongjiang Province. Of these, we have four production lines in Beijing and four in Hebei Province, and Taihang Cement and its subsidiaries have two production lines in Beijing, three in Hebei Province and one in Heilongjiang Province. We have been using the NSP production method to produce all our cement products since the beginning of the Track Record Period. NSP method is more efficient and environmentally friendly than the traditional cement production method. Our Liulihe Cement and Xinbeishui cement plants in Beijing and Taihang Cement's plants in Handan, Hebei Province also use energy saving technology that harnesses the heat generated by kilns to generate power. In addition, Taihang Cement and we are building, or undergoing preliminary government approval procedures for the construction of, four additional residual heat power generation plants at the following cement production plants: Dingxin Cement, which is owned by us, and Beijing Taihang Qianjing Cement Co., Ltd. (北京太行前景水泥有限公司), Baoding Taihang Heyi Cement Co., Ltd., (保定太行和益水泥有限公司) and Harbin Taihang Xinglong Cement Co., Ltd. (哈爾濱太行興隆水泥有限公司), which are owned by Taihang Cement.

Our Xinbeishui plant, together with BBMG Mangrove Environmental, uses environmentally friendly technology to combine the processing of waste with its cement production through the use of a high temperature kiln. The facilities operated by these two companies are capable of processing up to

100,000 tonnes of industrial waste per year in the production of cement. BBMG Mangrove Environmental receives payment from companies for the processing of their industrial waste.

Production capacity and volume

The table below sets out our cement production capabilities as at the Latest Practicable Date, as well as production volume for the periods indicated:

Name	Date of acquisition or establishment	Effective equity interest	Number of production lines	Daily clinker capacity	Annual cement production capacity	Effective annual cement production capacity[(1)]	Production volume[(2)] Year ended 31 December 2006	2007	2008	Three months ended 31 March 2009
				(in thousand tonnes)	(in thousand tonnes)	(in thousand tonnes)	(in thousand tonnes)			
Dingxin Cement	25 Apr. 2007	98.5%[(3)]	3[(4)]	12.5[(4)]	5,200[(4)]	5,122[(4)]	—	1,672	2,066	521
Liulihe Cement	31 Dec. 1980	100.0%	2	4.5	2,100	2,100	1,997	2,103	1,795	343
Xinbeishui	31 Dec. 2006[(5)]	55.0%	2	5.2	2,000	1,100	—	—	1,783	255
Zanhuang Cement	20 Feb. 2008[(6)]	100.0%[(7)]	1	2.5	1,000	1,000	—	—	35	226
Total			8	24.7	10,300	9,322	1,997	3,775	5,679	1,345

Notes:

- All figures rounded to the nearest whole number, except where indicated.

(1) Proportional capacity by reference to the effective equity interest.

(2) Production volume of the whole company disregarding the effective equity interest. Production volume figures prior to the acquisition date are not included.

(3) This figure includes the equity interest both owned by us and entrusted to us, as described in "*History, Reorganisation and Group Structure — Our Principle Subsidiaries — Cement — Dingxin Cement*".

(4) This figure includes a new cement production line which commenced trial run production in May 2009 and has a daily clinker capacity of 5,000 tonnes.

(5) Although established on 31 December 2006, manufacturing did not commence until March 2008.

(6) Although established on 20 February 2008, manufacturing did not commence until July 2008.

(7) This figure includes the equity interest both owned by us and entrusted to us, as described in "*History, Reorganisation and Group Structure — Our Principle Subsidiaries — Cement — Zanhuang Cement*".

We plan to acquire a cement production line with a daily capacity of 2,000 tonnes clinker from Beijing Pinggu after the Listing. The production line was previously transferred by Dingxin Cement to Beijing Pinggu, which is not included in our Group, on 30 June 2008 in light of certain irregularities in environmental compliance. After all of the relevant project and environmental assessment approvals for this production line had been obtained, Dingxin Cement and Beijing Pinggu entered into an agreement, dated 30 June 2009, pursuant to which Beijing Pinggu agrees to sell and Dingxin Cement agrees to purchase the production line at a consideration based on an appraised value to be reported by an independent valuer selected by both parties. The transaction will be completed after the relevant valuation report is approved by or filed for record with relevant government authorities.

We currently hold a 33.33% equity interest in Taihang Huaxin and, together with the 61.67% equity interest entrusted to us by our Parent under the Taihang Huaxin Entrustment Agreement, currently control in aggregate a 95.0% voting interest in Taihang Huaxin. Taihang Huaxin, in turn, held a 30.0% equity interest in Taihang Cement as at 30 June 2009. Listed below are cement production details of our associate Taihang Cement and its subsidiaries as at the Latest Practicable Date:

Name	Effective equity interest[(1)]	Number of production lines	Daily clinker capacity	Annual cement production capacity	Effective annual cement production capacity[(2)]
			(in thousand tonnes)	(in thousand tonnes)	(in thousand tonnes)
Taihang Cement (Handan, Hebei Province)	28.5%	2	4.5	2,000	570
Beijing Taihang Qianjing Cement Co., Ltd (北京太行前景水泥有限公司) (Beijing Fangshan)	19.1%	1	3.2	1,750	334
Baoding Taihang Heyi Cement Co., Ltd (保定太行和益水泥有限公司) (Baoding, Hebei Province)	21.4%	1	3.2	1,300	278
Harbin Taihang Xinglong Cement Co., Ltd (哈爾濱太行興隆水泥有限公司) (Harbin, Heilongjiang Province)	12.3%	1	1.2	400	49
Beijing Qianglian Cement Co., Ltd. (北京強聯水泥有限公司) (Beijing Fangshan)	17.1%	1	1.5	520	68
Total		6	13.6	5,970	1,299

Notes:

(1) Indicates our effective interest in Taihang Cement and each of its subsidiaries as at 30 June 2009.

(2) Proportional capacity by reference to the effective equity interest.

The table below sets out the status and capacities of the clinker grinding operations of our associate Taihang Cement and its subsidiaries as at the Latest Practicable Date:

Grinding station name and location	Number of facilities	Annual capacity
		(in thousand tonnes)
Baoding Taihang Xingsheng Cement Co., Ltd (保定太行興盛水泥有限公司) (Baoding, Hebei Province)	1	500
Handan Taihang Cement Co., Ltd (邯鄲市太行水泥有限責任公司) (Handan, Hebei Province)	1	200
Taihang Cement, Ci County Grinding Station (河北太行水泥股份有限公司磁縣分公司) (Handan, Hebei Province)	1	100
	3	800

The table below sets out details of our commercial concrete mixing stations as at the Latest Practicable Date, including the production volume for the periods indicated:

Plant name and location	Number of production lines	Annual concrete production capacity	Production volume — Year ended 31 December 2006	2007	2008	Three months ended 31 March 2009	Utilisation rate for the year ended 31 December 2008(1)
		(in thousand cb.m.)	(in thousand cb.m.)				
Bulangni Station (Beijing Fengtai)	2	500	234	246	442	57	88.4%
Dongba Station (Beijing Chaoyang)	2	500	169(2)	279	432	102	86.4%
Fatou Station (Beijing Chaoyang)	2	500	291(2)	351	501	87	100.2%
Jinzhan Station (Beijing Chaoyang)	3	400	285	331	438	96	109.5%
Tiancun Station (Beijing Haidian)	3	500	305	310	436	81	87.2%
Total	12	2,400	1,284	1,517	2,249	423	

Notes:

(1) We have calculated the utilisation rate by dividing the production volume in 2008 by the annual capacity.

(2) Production volume figures prior to acquisition are not included.

During the Track Record Period, some of our concrete production facilities operated significantly below capacity due to insufficient transportation capabilities. In light of the considerable impact of transportation on the utilisation of concrete production facilities, we strengthened our transportation capacities by adding another 30 concrete mixing trucks and six pumping trucks in 2008 to improve our utilisation rates.

In addition, in 2008, our associate Taihang Cement entrusted its 52% interest in Beijing Junxing Concrete Co., Ltd. (北京軍星混凝土有限責任公司) to our Group. Beijing Junxing Concrete Co., Ltd. operates two commercial concrete production lines and has an annual capacity of 400,000 cb.m. For further details on this arrangement, see "*History, Reorganisation and Group Structure — Corporate Chart*".

Raw materials

We use various raw materials, such as limestone, clay, fly ash, slag and gypsum, in our production of cement. Limestone is the primary raw material for clinker production. In common with other cement producers in China, we use an average of approximately 120 tonnes of limestone to produce 100 tonnes of cement.

We currently operate four limestone mines, three of which are held by us through Dingxin Cement and are located adjacent to our Dingxin Cement plant at Luquan, Hebei Province. These three mines occupy a site area of 881,600 sq.m., 152,000 sq.m. and 119,000 sq.m., respectively, and have an annual output capacity of approximately 1.7 million, 1.4 million and 0.9 million tonnes, respectively. These three mines are exclusive suppliers of limestone to Dingxin Cement. For the year ended 31 December 2008, approximately 43.6% of the limestone used by us in terms of volume was internally sourced. For further details on these three mines, see "*Risk Factors — Risks Relating to Our Cement Business — We may be liable for mining activities undertaken before we obtained the relevant mining rights certificates*" and "*— Legal and Regulatory Matters — Regulatory Matters —*

Mining rights" below. Dingxin Cement has obtained the relevant production safety certificate and waste discharge permit for all these mines. We hold the fourth limestone mine through Taihang Huaxin. This mine, which is located in Handan, Hebei Province, occupies a site area of 51,200 sq.m. and has an annual output capacity of 0.3 million tonnes. The limestone extracted from this mine is mainly supplied to Taihang Cement.

We met the majority of our limestone requirements during the Track Record Period by purchasing from third parties. Our contracts with our suppliers normally provide for a specific quantity and price for the raw materials to be purchased. Other than limestone, we source raw materials for the production of cement, such as clay, fly ash, blast furnace slag and gypsum, from a small number of suppliers at prevailing market prices. Other than cement, we source raw material for the production of commercial concrete, such as aggregates, mineral powders and fly ash, also from third-party suppliers.

During the Track Record Period, we did not experience any material difficulty in obtaining sufficient amounts of limestone or other raw materials for our cement and commercial concrete operations. We have entered into a raw materials supply agreement with our Parent, under which it agrees to supply raw materials (such as limestone) to us and our subsidiaries for the production of cement products. For further details on this proposed supply agreement, see "*Connected Transactions — Non-exempted Continuing Connected Transactions — Purchase of goods*".

Energy supply

Production of cement is heavily dependent on a reliable supply of coal and electricity. In 2006, 2007, 2008 and the three months ended 31 March 2009, we consumed over 1.5 million, 1.6 million, 1.6 million and 0.3 million tonnes of coal and over 1.3 billion, 1.3 billion, 1.2 billion and 0.2 billion kWh of electricity, respectively. We did not experience any interruption in our supply of energy sources during the Track Record Period that had a material adverse effect on our production.

Sales and marketing

Our cement and concrete customers are mainly operators of commercial concrete mixing stations, developers of construction projects, and residential and public facilities construction companies. Our cement and commercial concrete are mainly sold to these customers through direct sales. As at 31 December 2008, we employed approximately 190 sales and marketing staff members in our cement segment, and our associate Taihang Cement and its subsidiaries employed approximately 130 sales and marketing staff members in total.

We, together with our associate Taihang Cement and its subsidiaries, have an established sales network for our cement products, with five cement sales branches located in Beijing, Tianjin and Hebei Province (of which we have one in Beijing and one in Hebei Province, and Taihang Cement and its subsidiaries have one in Beijing, one in Tianjin and one in Hebei Province). All of our cement products are sold through this sales network.

We determine the prices of our cement products based on costs, market prices and market conditions. We may also subsequently adjust the price to reflect changes in market conditions. In general, we do not provide customers with credit terms, as our customers are usually required to pay in advance. However, certain customers significant to us in terms of either size or importance are allowed to settle each month as a project progresses.

At present, our cement is sold to our customers mainly in bulk. Our commercial concrete is usually sold directly to construction companies or developers and delivered by tanker vehicles, the costs of which are normally included in the sales prices. Commercial concrete is usually sold using concrete supply contracts standard in the Beijing market.

We began to sell cement and concrete produced by third parties, such as Taihang Cement and its subsidiaries, on a distributorship basis since 2006. For further details on the purchases from and sales to Taihang Cement and its subsidiaries, see "— *Taihang Cement Distribution Agreement*" below. In addition, we have been appointed as the exclusive distributor of Beijing Pinggu, a subsidiary of our Parent. Details of this distribution agreement are set out under *"Relationship with Controlling Shareholder — Competition — Our Parent's Retained Business — Beijing Pinggu — Beijing Pinggu Distribution Agreement"*. Our commercial concrete is sold under the "BBMG" (金隅) brand name.

We sell our cement under two brands, "BBMG" (金隅) and "Dingxin" (鼎鑫), which were registered in 2005 and 2001, respectively. We use advertising agencies and media channels to advertise our cement products. We also promote our cement products through advertisements on our cement transportation trucks, on billboards along major streets, and at exhibitions. We advertise our concrete products through magazines and on the tanker vehicles we operate. For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, our selling and marketing expenses for our cement segment were RMB68.7 million, RMB100.8 million, RMB140.9 million and RMB21.5 million, respectively.

Taihang Cement Distribution Agreement

On 15 July 2008, we entered into the Taihang Cement Distribution Agreement with our Parent, our associate Taihang Cement, and our subsidiary Dingxin Cement in relation to the sales of cement, clinker and concrete products (the "**Cement Products**") produced by our Group and Taihang Cement and its subsidiaries in the markets in which competition then existed.

In the Taihang Cement Distribution Agreement, we appointed Taihang Cement as our exclusive distributor of our Cement Products in Tianjin and Heilongjiang Province and Baoding, Hengshui, Cangzhou, Xingtai and Handan in Hebei Province (the "**Taihang Cement Market**"), while Taihang Cement appointed us as the exclusive distributor of its Cement Products in Beijing and Shijiazhuang, Hebei Province ("**Our Market**"). We undertook not to sell our Cement Products into the Taihang Cement Market directly, and Taihang Cement undertook not to sell its Cement Products into Our Market directly.

Pursuant to the Taihang Cement Distribution Agreement, Cement Products will be sold at market prices prevailing in the relevant markets, and the price of the relevant Cement Products will be paid in cash in three instalments on a monthly basis. Taihang Cement agreed to pay us an agency fee of RMB5 per tonne of Cement Products sold by us in Our Market, and we agreed to pay Taihang Cement an agency fee of RMB3 per tonne of Cement Products sold by Taihang Cement in the Taihang Cement Market.

The Taihang Cement Distribution Agreement also provides that we and Taihang Cement will have equal business and development opportunities in the new markets. In cases where both parties wish to develop the same new market, we and Taihang Cement agreed to enter into a distribution agreement or other co-operation agreement incorporating the principles and framework of the Taihang Cement Distribution Agreement in order to minimise potential competition in the new market between Taihang Cement and our Group.

The Taihang Cement Distribution Agreement became effective upon approval by the shareholders of Taihang Cement at a meeting on 7 August 2008 and will be terminated when our Parent completes the Asset Restructuring consolidating our cement assets and businesses with those of Taihang Cement, or on such earlier date as the relevant PRC Government authorities may require.

During the Track Record Period (which was prior to the effectiveness of this distribution agreement), our Group sold cement products to Taihang Cement and its subsidiaries, and *vice versa*. The amounts involved in these transactions are set out below.

	Year ended 31 December			Three months ended 31 March
Transaction type	**2006**	**2007**	**2008**	**2009**
	(RMB in millions)			
Sales to Taihang Cement and its subsidiaries	—	109.0	189.6	25.2
Purchases from Taihang Cement and its subsidiaries	297.4	360.7	330.5	46.8

For further details on our relationship with Taihang Cement, see "*Relationship with Controlling Shareholder — Entrustment Agreement in respect of Taihang Huaxin*".

MODERN BUILDING MATERIALS SEGMENT

We are a leading modern building materials manufacturer in the PRC and the largest in Beijing, as certified by the China Building Materials Federation in July 2008 and the Beijing Building Materials Association in February 2009, respectively.

Modern building materials are different from traditional building materials, such as brick, tile, mortar, sand and stone. In general, they are relatively light in weight, durable, energy efficient, decorative and environmentally friendly, with insulating properties. Modern building materials are used primarily to improve functionality, but they are also used to make buildings look more modern. Some modern building materials reduce the weight of the building, making it possible to use light building structures so as to modernise construction technology and accelerate the speed of construction. Our modern building material products include wall materials, decorative materials, doors and windows, and insulation materials, as well as hardware and various accessories.

We improve our modern building materials products by investing in research and development. With over 320 employees working in our research and development operations, we devote significant attention to advancing our products and production methods. These advances have already secured multiple competitive advantages, such as innovations in refractory materials and research into mineral wool acoustic board. For further details on our research and development units, see *"— Research, Development and Design"* below.

For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the revenue of our modern building material segment was RMB1,921.8 million, RMB2,564.0 million, RMB2,701.7 million and RMB558.1 million, respectively, representing approximately 29.1%, 31.7%, 31.6% and 25.8%, respectively, of our Group's total revenue for these periods.

Our modern building materials segment's competitive strengths

We employ energy and resource efficient production methods to produce environmentally friendly products, thus making us the preferred provider for some consumers.

Our modern manufacturing methods are designed not only to be energy and resource efficient, but to produce environmentally friendly products. As environmental concerns grow, both in China and elsewhere around the world, increasing attention has been focused on the environmental impact of manufacturing methods and products. We have been able to reduce the environmental impact of some of our products, thus enhancing the appeal of our offerings to a certain segment of the market. Tiantan Furniture, for example, uses modern production methods to produce products that comply with E-1 standards.

This environmental focus has resulted in most of our major manufacturing companies having received ISO 14001 certifications. We have been recognised as a China Model Base for the Green Building Decoration Industry (中國綠色建築裝飾產業示範基地) and a China Production (Procurement) Base for Green Quality Building Products (中國綠色建築精品生產(採購)基地) by the China Building Decoration Association (中國建築裝飾協會). In addition, some of our products were granted the Recommendation Certificate for building materials that are Green, Environmentally Friendly, Energy-Saving and Water-Saving (綠色環保節能節水建材產品推薦證書) by the Beijing Building Materials Association. As a result of the environmentally friendly production process we use and products we manufacture, five of our companies, namely BSBM, Xiang Brand Walling, BMBM, BACP and Xiliu Building Materials, have enjoyed various tax benefits during the Track Record Period.

We enjoy strong brand recognition and a good market reputation.

The brands under which we market our products, Tiantan (天壇) for furniture, Tongda (通達) for refractory materials, Star (星牌) for mineral wool acoustic boards, and Great Wall (長城) for row chairs, are well recognised and have a reputation for quality in their respective markets. The "Tiantan" name itself has been recognised as a "China Well-Known Mark," its wooden furniture is recognised as a "China Famous-Brand Product" and its furniture is listed as a "Beijing Famous-Brand Product". For mineral wool acoustic boards, the "Star" brand has been recognised as a "China Famous-Brand Product" and as a "Beijing Famous-Brand Product". For further details about these awards, see *"— Our Corporate Competitive Strengths — Our brand names are well recognised and have a good market reputation"*.

The recognition attributed to these products has placed us in high regard in our market. We make efforts to strengthen these brand names by attending national fairs and promoting our products through inclusion in strategic or large projects. As a result, our building material products are used in many of the most prestigious and high-profile projects in China. For example, as an exclusive supplier, Great Wall Furniture supplied approximately 9,900 row chairs and approximately 3,500 row desks to the People's Grand Hall. Great Wall Furniture was also the exclusive supplier of row chairs for the National Grand Theater. In addition, we were the exclusive supplier of ALC for the new CCTV Tower and the largest supplier of decorative paint to the National Grand Theatre. Despite not having a contractual relationship with the Beijing Organising Committee, we were the largest supplier of modern building materials for the Beijing Olympic facilities, including the National Stadium and the National Aquatics Centre. In particular, we supplied 33,000 sq.m. of mineral wool acoustic boards (accounting for 89.2% of the total used), 411 wooden doors (accounting for 49.2% of the total used) and 9,000 sq.m. of decorative paint to the National

Stadium. We were also the exclusive supplier of decorative wooden doors and fireproofing paint to the National Aquatics Centre.

We have strong research, development and design capabilities.

We have devoted resources to building strong research and development capabilities in an effort to improve our products and diversify our product mix. Our technical centre comprises BBMA and seven branch research centres. We have also established research and development departments within many of our subsidiaries.

BBMA, as the headquarters of our technical centre, is considered a respected source of innovation in the market. With a history of over 48 years, BBMA has received 95 awards and holds 10 patents. Innovations introduced by BBMA include new types of dry-mixed mortar and exterior wall insulation materials.

Five of our seven branch research centres conduct research and development directly related to modern building materials. The refractory materials branch research centre in Tongda Refractory was approved as a post-doctoral work station by the former Ministry of Personnel of the PRC (中華人民共和國人事部) on 14 June 2006. The construction technology branch research centre, Beijing Jiandu, holds a class A qualification for the design of construction projects and modern building materials and for project consultancy. In its design work, Beijing Jiandu incorporates our environmentally friendly and energy-saving building materials, demonstrating our strength as an integrated company and our commitment to environmental friendliness in our operations.

Furthermore, our research facilities are nationally renowned for setting standards in the PRC market. As at the Latest Practicable Date, we had been instrumental in producing over 30 regulations and standards for building materials manufacturing and applications, all of which have been incorporated into our product designs. As a result of our research and development efforts, many of our modern building materials subsidiaries have been accredited as high- and new-technology enterprises, which enjoy certain tax benefits under PRC tax laws and regulations. Through these efforts, we have continued to make technological advances in anticipation of, or in response to, customer requirements.

We possess modern and international-standard manufacturing facilities.

To further our corporate strategy of producing international quality products, we have invested in modern, international-standard manufacturing facilities. We have imported advanced equipment for certain modern building materials production lines. Following importation, we have modified the equipment to tailor the lines to our needs.

The quality of our facilities has enabled us to manufacture products to international standards in accordance with international rating systems. All of our major manufacturing companies in this segment have obtained ISO 9001 and GB/T28001-2001 certifications.

Our modern building materials segment's strategies

Continue to focus on, and expand the capacity for, the production and sale of high-margin modern building materials.

We plan to continue our focus on the production and sale of high-margin modern building materials, including products of superior quality or requiring higher technical capabilities to produce, such as ALC, mineral wool acoustic boards, refractory materials, glass wool and dry-mixed mortar. We believe that this focus accords with developments in our markets, as more customers look to build with, or refit using, high quality replacements. Our concentration on this segment is complemented by our focus on research and the development of advanced methods and products.

As part of our expansion efforts, we plan on increasing our production capacity for mineral wool acoustic boards and ALC. We are currently setting up a new mineral wool acoustic board production line with an expected annual capacity of 25 million sq.m. with an independent joint venture partner and a new ALC line with an expected annual capacity of 800,000 cb.m. In addition, we plan to increase the scale of our refractory material production by building a new production line with an expected annual capacity of 25,000 tonnes by the end of 2009.

Co-locate our production facilities to further optimise our internal structure and shorten part of our supply chain, thereby enhancing efficiency.

Because of the increasingly stringent environmental protection standards in Beijing, we intend to build new operating plants in centralised locations outside of Beijing in order to strategically centralise our modern building materials production facilities.

In executing the relocation of BACP, for example, we moved its existing ALC plant, which had a production capacity of approximately 200,000 cb.m., to Dachang Industrial Park, and in the process increased its capacity to approximately 800,000 cb.m. In the same location, we are building a joint venture facility in conjunction with USG ChinaLux S.à.r.l. to produce mineral wool acoustic boards, and a glass wool production line that will allow us to produce approximately 50,000 tonnes of this product per year. Our Directors believe that co-locating these facilities will yield economic benefits by allowing us to optimise our internal structure by sharing resources and enabling us to centralise our supply chain, thereby enhancing efficiency.

Further integrate our modern building materials offerings into our other segments in order to achieve greater synergy.

As part of our ongoing effort to maximise our efficiency, we will further integrate our other business segments with our modern building materials operations. As a modern building materials manufacturer and distributor and a property developer and manager, we frequently have opportunities to sell our products to our downstream operations. This allows us to use our products in our property development projects and to source internally any upgrades that are needed for our property investment and management operations. In addition, we are able to provide parts and materials for our cement segment, such as refractory materials for kilns. This has enabled us to generate synergies among our various segments, enhancing performance and profit.

Become a one-stop shop for the property development and refurbishment industry with the BBMG Home (金隅家居) retail chain.

We intend to promote our "BBMG" brand-name building materials and our design services through the creation of BBMG Home retail stores and design centres. We have established one flagship "BBMG Home" store with a GFA of over 3,000 sq.m. at Guanganmen (廣安門) in Beijing. Two design centres are currently in operation, with another 10 to 15 design centres and eight to 10 BBMG Home retail stores expected to commence business by the end of 2010. We will continue to use our BBMG products, as well as third-party products which we sell as an agent, in our design and home decoration businesses, which provide our clients with total-package services from home design, building materials procurement through project construction. Through this distribution platform and marketing channel, we expect to gain a larger market share for our upstream products. We also expect to be able to complement our products with well known third-party brands, both domestic and international, for which we act as sales and distribution agents, as well as products that we outsource to third parties for production. Through these efforts, we aim to capitalise on awareness of our brand name to position ourselves as a one-stop shop for building materials and supplies.

Products and production

We produce over 20 different types of products in our modern building materials segment. Our products span a wide range of retail, home, commercial and industrial uses, including furniture, mineral wool acoustic boards and refractory materials, among other things, as well as services relating to manufacturing and distributing modern building materials. We divide our offerings into four categories: fixtures and decorative products, energy saving wall body and insulation materials, refractory materials, and building materials trading and logistics. Each of these categories is discussed separately below.

Fixtures and decorative products

Our fixtures and decorative products category comprises products that are used for construction and decoration, such as furniture, mineral wool acoustic boards, doors and windows, paint, coloured steel panels, faucets, busbars and mineral wool. The primary market for our fixtures and decorative products is China, especially the Beijing-Bohai Gulf Region, although we export a number of products to various countries. In the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the export of our fixtures and decorative products represented approximately 10.3%, 12.8%, 8.4% and 7.4% of our total sales of fixtures and decorative products, respectively. The products described below, furniture and mineral wool acoustic boards, are highlighted either because they are significant sources of revenue or because of their importance to our development strategy.

Furniture

We manufacture a wide range of quality furniture through Tiantan Furniture and Great Wall Furniture. In 2006, 2007 and 2008, respectively, Tiantan Furniture was the largest furniture manufacturer in Beijing in terms of production volume, sales volume and market share, based on statistics from the Beijing Furniture Trade Association (北京傢俱行業協會). During the same years, Great Wall Furniture, together with its subsidiary Quinette Great Wall Seats, was the largest row chair manufacturer in Beijing in terms of production volume, sales volume and market share, as certified by the Beijing Furniture Trade Association based on its statistics for these years. Our products have been used to furnish various Government offices and a number of high-profile buildings in China. The table below sets out the main types of furniture we produce:

Operating entity	Main products	Brand
Tiantan Furniture	Furniture for offices, hotels, restaurants and households	Tiantan (天壇)
Great Wall Furniture	Row chairs for cinemas and theatres, sofas, desks and chairs	Great Wall (長城)
Quinette Great Wall Seats	Row chairs for cinemas and theatres, sofas, desks and chairs	Quinette Great Wall (奇耐特長城)

In addition, we produce medium- and high-grade furniture for offices and meeting and education facilities through Beijing Great Faram Wall Decoration Materials Co., Ltd. (北京長城法拉姆裝飾材料有限公司) and Beijing Gonzaga Great Wall Furniture Co., Ltd. (北京拱綮嘎長城傢具有限公司).

Production facilities

We have several furniture production facilities in Beijing, with a total floor area of over 80,000 sq.m and, as at the Latest Practicable Date, we employed over 1,400 staff members. Many of our facilities have been recognised for their modern, efficient and environmentally friendly manufacturing methods. Tiantan Furniture's manufacturing operations, for example, use modern production facilities imported from the European Union, and its products comply with E-1 standards. In addition, Tiantan Furniture holds ISO 9001, ISO 14001 and GB/T28001-2001 certifications and a Measurement Management System certification.

We plan to complete by the end of 2009 a mid-market and high-end furniture production line at Dachang Industrial Park, which will be capable of producing furniture with a sales value of RMB250.0 million per year.

Production volume

The following table summarises the production value of our furniture facilities for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009.

	Year ended 31 December			Three months ended 31 March
	2006	2007	2008	2009
	(RMB in millions)			
Production value	307.8	333.8	372.5	56.0

Mineral wool acoustic boards

Mineral wool acoustic boards are made from grainy wool, attapulgite clay, amylum starch and waste newspaper, and are mainly used as ceiling and wall surface material for thermal insulation, sound absorption, fire safety and decoration. We mainly produce, sell and market mineral wool acoustic boards under the "Star" (星牌) brand, which has been named as one of China's and Beijing's most famous brands. These products are sold primarily to customers in China directly or through agents, though we also export to Japan, Australia, Taiwan and other countries and regions. As certified by the China Heat and Sound Insulation Materials Association (中國絕熱隔音材料協會) on 22 January 2008, BSBM is the first enterprise in the PRC to specialise in the production of mineral wool acoustic boards, and its production and sales volume of this product have placed it among the PRC's top three mineral wool acoustic based manufacturers throughout the Track Record Period, with over 10% of the market share in the PRC.

Production facilities

Our production facility owned and operated by BSBM is located in Beijing and uses modern production methods, with part of the production lines having been imported from Japan. As at the Latest Practicable Date, we employed approximately 440 staff members at this production facility, which has two mineral wool acoustic board production lines and an annual capacity of 6.15 million sq.m. (using an industry standard of 12 mm-thick boards).

In August 2007, we entered into a joint venture arrangement with USG ChinaLux S.à.r.l. to expand our production capacity for mineral wool acoustic boards. USG ChinaLux S.à.r.l. is a subsidiary of USG Corporation, a multinational building materials manufacturer listed on the New York Stock Exchange. As a result of this arrangement, STAR-USG Building Materials (in which each party had a 50.0% equity interest) was established on 27 December 2007. According to the joint venture agreement, the total capital investment for this project will be US$55.0 million, of which US$23.3 million will be contributed by us through facilities and cash, US$23.3 million will be contributed by USG ChinaLux S.à.r.l. in cash, and the rest will be raised by the joint venture. The new facility will be located in Dachang Industrial Park. Upon expected completion in September 2009, we expect this facility to have an annual production capacity of 25 million sq.m., which is anticipated to be the largest in Asia-Pacific Region according to the China Heat and Sound Insulation Materials Association.

Our production operations are supported by the mineral wool boards branch research centre, which has a team of over 30 professionals who research the pattern, performance and environmental impact of our products and our ability to substitute raw materials.

Production volume

The following table summarises the production volume of our mineral wool acoustic board production facility for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009:

	Year ended 31 December			Three months ended 31 March
	2006[(1)]	2007	2008	2009
Production volume (in thousand sq.m.)	5,840	6,330	6,222	760
Annual production capacity (in thousand sq.m.)[(2)]	6,150	6,150	6,150	—
Utilisation rate[(3)]	95.0%	102.9%	101.2%	—

Notes:

(1) We acquired the mineral wool acoustic board production facility from our Parent on 20 December 2006.

(2) The annual production capacity for mineral wool acoustic boards is the estimate given by our Directors, as actual production time can vary depending on customer specifications.

(3) We have calculated the utilisation rate by dividing the actual production volume by the annual production capacity.

Energy saving wall body and insulation materials

The term energy saving wall body and insulation materials refers to a variety of products used in the fabrication and insulation of building walls, including ALC, gypsum building blocks, partition boards, split tiles, decorative cement tiles, traditional building products, external thermal insulation composite systems and pre-mixed mortar. These materials are widely used in the construction industry as standard wall body fabrication materials and for insulation.

In 2006, 2007 and 2008, our BBMA facility was the largest manufacturer of pre-mixed mortar in Beijing, Tianjin and Hebei Province in terms of market share, as certified by the Pre-mixed Mortar Promotion Committee of the China Construction Industry Association Materials Branch (中國建築業協會材料分會預拌砂漿推廣委員會). In addition, we are constructing a glass wool production line in Dachang Industrial Park with an annual production capacity of 50,000 tonnes. Upon completion, this production line is expected to be the largest glass wool production line in the PRC, making us one of the largest glass wool manufacturers in China, according to the China Heat and Sound Insulation Materials Association.

Of the energy saving wall body and insulation materials that we produce, we have highlighted, below, our ALC products because of their environmental benefit as an insulating material and because they are supported by the PRC Government under its effort to promote a Circular Economy.

ALC

ALC is primarily used as a wall body material. It can be made into either blocks or boards and has good insulating properties. ALC is widely used in the construction of commercial and residential buildings. As certified by the China ALC Association (中國加氣混凝土協會), we were the largest manufacturer of ALC in northern China in 2008 as measured by production capacity, production and sales volume, and revenue. Our target customers for ALC are mainly project contractors.

Production facilities

Our two ALC production facilities (with a total of three production lines) are in Beijing. We also have a production facility under construction in Dachang Industrial Park. Upon completion, we expect this Dachang facility to have a capacity of 800,000 cb.m. per year and our total ALC production capacity to reach 1.4 million cb.m. per year, making us the largest ALC producer in terms of capacity in the PRC, according to the China ALC Association. As at the Latest Practicable Date, our operational facilities employed approximately 700 staff members.

Production volume

The following table summarises the production volume of our ALC facilities for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009:

	Year ended 31 December			Three months ended 31 March
	2006	**2007**	**2008**	**2009**
Production volume (in thousand cb.m.)	561	597	422	36
Annual production capacity (in thousand cb.m.)[1]	600	600	600	—
Utilisation rate[2]	93.5%	99.5%	70.3%	—

Notes:

(1) The annual production capacity for ALC is the estimate given by our Directors, as actual production time can vary depending on customer specifications.

(2) We have calculated the utilisation rate by dividing the actual production volume by the annual production capacity.

Refractory materials

Our refractory material products include 220 types of non-shaped and 20 types of shaped products. Refractory materials are widely used in the cement, metallurgical, electric power and petrochemical industries for making refractory interior linings in high temperature kilns.

Tongda Refractory is one of the largest refractory material manufacturers in the PRC, offering research, design, technical services and manufacturing. Our refractory materials are used in approximately 75% of the large-scale cement production lines in China and 80% of the cement production lines with a daily capacity exceeding 5,000 tonnes. According to the China Cement Association, Tongda Refractory has also supplied products and services to eight of the 11 large-scale cement kilns with a capacity in excess of 10,000 tonnes per day which are in operation or under construction in the world. In addition, we provide construction services related to the instalation of refractory materials technology, and we export our refractory materials.

Production facilities

We have seven advanced production lines for refractory materials, with five in Beijing for the production of non-shaped refractory materials and two in Gongyi, Henan Province, for the production of shaped refractory materials. As at the Latest Practicable Date, we employed approximately 250 staff members in each of the Beijing and Gongyi facilities. Our Gongyi facility has two environmentally friendly shuttle kilns imported from Germany and a steel-made pre-setting platform. Since 2005, Tongda Refractory has been one of the largest non-shaped refractory materials manufacturer in the PRC in terms of production capacity and actual production volume, as certified by the Association of China Refractories Industry (中國耐火材料行業協會). In order to meet an anticipated increase in demand, we plan to build a large, technologically advanced production line in Gongyi with an annual production capacity of 25,000 tonnes of shaped refractory materials. We expect that this facility will be completed by the end of 2009 for an estimated total cost of approximately RMB97.3 million.

We support our production operations with ongoing product research. Our refractory materials branch research centre in Tongda Refractory is equipped with advanced laboratory and testing equipment and had, as at the Latest Practicable Date, approximately 115 research and support professionals. Tongda Refractory is a former Ministry of Personnel of the PRC approved post-doctorate work station and is certified as a Beijing-level technology research centre. We have two laboratories in Beijing and Gongyi respectively, both accredited by the China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會). For further details on these facilities, see *"— Research, Development and Design"* below.

While securing raw materials has not been a problem in the past, we are currently planning to establish a composite raw materials production base for refractory materials in Shanxi Province, with an estimated capacity of 150,000 tonnes per year. We expect to complete this project in August 2009 for an estimated cost of approximately RMB174.0 million.

Production volume

The following tables summarise the production volume of our refractory production facilities for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009:

Non-shaped refractory materials

	Year ended 31 December			Three months ended 31 March
	2006(1)	2007	2008	2009
Production volume (in thousand tonnes)	76	126	118	28
Annual production capacity (in thousand tonnes)	100	200	200	—
Utilisation rate(2)	76.9%	63.0%	59.0%	

Notes:

(1) We acquired the non-shaped refractory materials production facilities from our Parent on 4 December 2006.

(2) We have calculated the utilisation rate by dividing the production volume of each year by the annual production capacity.

Shaped refractory material

	Year ended 31 December	Three months ended 31 March
	2008(1)	2009
Production volume (in thousand tonnes)	19	3
Annual production capacity (in thousand tonnes)	20	—
Utilisation rate(2)	95.0%	—

Notes:

(1) We acquired the refractory materials production facilities on 31 March 2008.

(2) We have calculated the utilisation rate by dividing the production volume of each year by the annual production capacity.

Building materials trading, logistics and others

Our building materials trading and logistics operations include acting as an agent for Chinese and well-known international home building materials, engaging in export trading, and operating logistics centres.

Trading

As part of our building materials trading services, we have nearly 20 years of experience in distributing products overseas as well as acting as agents for international brands in China. We have established stable business relationships with recognised international brands, such as Kohler and TOTO, international plumbing and fixtures manufacturers that we have worked with for approximately seven and 13 years, respectively. Kohler sells products in northern China through us, making us the Asia-Pacific region's largest distributor of its products in terms of sales revenue for seven consecutive years. We have also been the largest distributor of TOTO products in northern China since 2005.

BBMIEC, our import and export company, primarily trades in building materials and associated manufacturing equipment. In addition to exporting building materials manufactured by us, BBMIEC sells products that are manufactured by independent third parties and branded "BBM". BBMIEC sells various products including cement, furniture, mineral wool acoustic boards, mineral wool, floor boards and refractory materials. For 2006, 2007 and 2008 and the three months ended 31 March 2009, the revenue of BBMIEC was RMB188.5 million, RMB193.1 million, RMB189.5 million and RMB23.2 million, respectively.

BBMIEC builds its international sales channels by attending the China Import and Export Fair and overseas exhibitions for building materials. Currently the overseas market of BBMIEC mainly covers the United States, Canada, South Korea, Russia, the Ukraine, Japan and various countries in the Middle East. We plan to further strengthen and promote the international image and brand name of BBM products by attending more international exhibitions of building materials.

Logistics

BBMG Logistics, located in Fengtai District, Beijing, trades large volumes of raw materials, such as steel for our property development subsidiaries and other equipment processing enterprises. It also provides warehouse and logistics services relating to some building materials, such as floor boards.

Others

Our other subsidiaries in the modern building materials segment offer a variety of services related to our core business, including design and decoration, and quality control and inspection of building materials. These enterprises help us carry out our core business and competency by providing internal resources from which we can draw, rather than relying on third-party contractors.

Raw materials

Some of the raw materials we use in our production of modern building materials is sourced from independent third parties, including lumber, limestone and fly ash. The principal raw material for mineral wool acoustic board is granular cotton made from blast furnace slag, silica and coke. Our manufacturing facility is located near steel and iron manufacturing plants for ease of access to blast furnace slag. The primary raw materials for ALC are cement and various additives. Refractory materials are made from alum earth. To help ensure a reliable supply at a reasonable price, we generally source our raw materials from more than one local supplier. During the Track Record Period, we did not experience any material interruption in the supply of, or fluctuation in the cost of, raw materials used in our modern building materials operation.

Energy supply

The production of modern building materials is dependent on a reliable supply of energy. Interruptions in the supply of such energy sources can lead to reduced levels of production and lower production yields. In 2006, 2007, 2008 and the three months ended 31 March 2009, we used approximately 128.5 million, 135.9 million, 138.6 million and 14.5 million kWh of electricity in our production facilities. In these periods, we did not experience any material impact on our production from the interruption of our electricity supply.

Suppliers

We generally purchase raw materials in bulk on market terms through bidding. When bidding cannot be conducted, we aim to select suppliers offering high quality products at competitive prices with a solid reputation in the industry. We have generally good relations with our suppliers. Each of the top five suppliers for our modern building materials segment has had, on average, a more than three-year commercial relationship with us.

We normally pay for our purchases on delivery, apart from the exceptional circumstances when we are asked for an advance payment.

Sales and marketing

The distribution network for our building materials segment covers all provinces, municipalities and autonomous regions in the PRC, other than Tibet and Hainan Province. We have established one flagship "BBMG Home" store in Beijing with a site area of over 3,000 sq.m. which displays a broad range of products that we manufacture or outsource for manufacture, or for which we act as distribution agents. We have also established two design centres, providing home design services to consumers and encouraging them to incorporate our products into their home design. In addition to the "BBMG Home" store and the design centres, as at 31 December 2008, the distribution network for our building material products consisted of 303 retail stores and a number of our manufacturing subsidiaries' sales offices, 87 of which were operated by us, with the rest being agency sales offices and independent distributors. Over half of our sales offices were located in the Beijing-Bohai Gulf Region. The table below indicates the geographic distribution of our retail stores and sales offices.

Location	Number of retail stores and sales offices	Location	Number of retail stores and sales offices
Anhui (安徽)	5	Jiangxi (江西)	4
Beijing (北京)	86	Jilin (吉林)	3
Chongqing (重慶)	2	Liaoning (遼寧)	30
Fujian (福建)	1	Ningxia (寧夏)	1
Gansu (甘肅)	2	Qinghai (青海)	1
Guangdong (廣東)	3	Shandong (山東)	29
Guangxi (廣西)	2	Shanghai (上海)	6
Guizhou (貴州)	2	Shanxi (山西)	13
Hebei (河北)	19	Shaanxi (陝西)	7
Heilongjiang (黑龍江)	8	Sichuan (四川)	2
Henan (河南)	16	Tianjin (天津)	19
Hubei (湖北)	8	Xinjiang (新疆)	2
Hunan (湖南)	1	Yunnan (雲南)	3
Inner Mongolia (內蒙古)	15	Zhejiang(浙江)	4
Jiangsu (江蘇)	9		

Through this platform, we exhibit and sell our own products, as well as third-party products that do not compete with ours. We plan on building more retail chain stores under the "BBMG Home" name and design centres. Through these shops and design centres, we provide one-stop services for household design, building materials supply and project design. We have incorporated and will continue to incorporate our self-produced BBMG products in our home and other design projects, through which we offer our clients a total-package service. We believe that our plans to build a network of one-stop shop retail stores and design centres featuring our products and services will help us to capitalise on our market reputation as a preferred supplier of high quality products.

Our flagship "BBMG Home" store and some of our retails stores are located at the Beijing Building Materials Trading Tower (北京建材經貿大廈), an investment property owned and operated by our subsidiary BBMT for 14 years. This building was the first large-scale, modern outlet specialising in trading and exhibiting high-end building decoration materials in Beijing and has been acclaimed by the Beijing Building Materials Association as the "first place for high-end and new building materials in Beijing" (京城高新建材第一家). For further details of the awards that this building has received, see "*— Property Investment and Management Segment — Description of investment properties — Beijing Building Materials Trading Tower (北京建材經貿大廈)*".

Our modern building materials customers principally include retail customers and contractors. We do not normally provide credit to our retail customers. Our customers who are contractors are usually asked to pay 20% to 30% of the purchase price as a down payment and to settle the outstanding amount in stages as their projects progress. As security against defects in quality, we typically permit contractors to withhold payment of 5% to 10% of the purchase price of each purchase for a year after delivery of the products.

We export our modern building material products through BBMIEC. For 2008, our revenue from overseas sales of our building material products constituted less than 10% of the total revenue from our modern building materials segment.

Our Directors place great emphasis on promoting consumer awareness of the brand names under which we sell our products. To this end, we employ a broad range of marketing techniques, including television, newspaper, internet and radio advertisements, as well as product displays in showrooms, retail stores and conferences. We employed approximately 170, 280, 300 and 300 sales and marketing agents in 2006, 2007, 2008 and the three months ended 31 March 2009, respectively. For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, our selling and marketing expenses for our modern building materials segment totaled RMB133.5 million, RMB182.9 million, RMB213.0 million and RMB56.3 million, respectively. We anticipate continuing our current marketing strategies and allocating additional marketing resources to promote the BBMG Home concept.

PROPERTY INVESTMENT AND MANAGEMENT SEGMENT

In our property investment and management segment, we mainly own and operate self-developed office buildings, residential properties and commercial properties. Our investments are generally situated at strategic locations throughout Beijing, and we plan to invest in and hold properties in other cities in the PRC. As at 31 May 2009, we owned and operated approximately 595,594.0 sq.m. of investment property in Beijing and had over one million square metres of high-end property under management. We invest in and hold properties directly through our Company, as well as through

BBMG Property Management and various other companies. For a complete list of our major property management subsidiaries, see *"History, Reorganisation and Group Structure — Our Principal Subsidiaries — Property investment and management"*. As at the Latest Practicable Date, all of our property investments and properties under management were located in Beijing.

Property investment overview

Investment properties are held for long-term leasing and for capital appreciation. Our objective in respect of investment properties is to achieve a balanced earnings profile, through increasing recurrent rental income and through capital appreciation, from a diverse portfolio of investment properties including offices, commercial spaces and parking spaces. Most of the investment properties that we currently own and operate were developed by us. The fair value of our investment properties is generally affected by the property prices in the areas where these properties are located.

The major investment properties that we currently lease out include the Global Trade Centre, Jinyu Mansion, Tengda Plaza, Jianda Plaza, the Beijing Building Materials Trading Tower, Jianhong Mansion, Jinyu Elegancy City, Peninsula International, Jiahua Plaza, the Beima Complex Building, Chengyuan Building and City One. As at 31 May 2009, our investment properties had an aggregate GFA of approximately 595,594.0 sq.m. These include offices, commercial spaces and parking spaces. We are holding these properties mainly for investment purposes, but we may consider to sell the properties from time to time to realise the value gained from capital appreciation. In May 2009, we disposed of part of Phase 3 of Global Trade Centre for this purpose. As we continue to develop our land reserves and construct new projects, we will continue to invest in projects situated at prime locations in Beijing and place under self-management those properties that we choose to retain.

The average monthly rental rate per square metre of our investment properties as at 31 May 2009 (calculated by reference to the actual leased GFA on the same date and the rental rates then effective) was RMB100.0. The gross rental income from our investment properties was approximately RMB206.7 million, RMB250.9 million, RMB296.7 million and RMB77.5 million for 2006, 2007 and 2008 and the three months ended 31 March 2009.

Property management overview

BBMG Property Management holds a permanent Class 1 qualification for property management enterprises granted by the former Ministry of Construction (the predecessor of the Ministry of Housing and Urban-Rural Development), allowing us to manage all types of properties. We also operate 13 residential property management companies, all of which have permanent Class 3 qualifications for property management services. For further details on the property management qualification system in China, see *"Regulatory Overview — Property Development and Management — Property management services"*.

The properties we currently manage have an aggregate GFA of over three million square metres, comprising over one million square metres of high-end investment properties managed by our Class 1 qualified subsidiary and other residential properties managed by our Class 3 qualified subsidiaries.

Our typical property management contract sets out the scope of management services and the service quality requirements. Our property management services include the management of properties, fire-prevention management, vehicle management, decoration management, security, cleaning and other services. We also provide other specialty services, such as organising community activities, booking airline tickets, vehicle washing and party planning. In addition, we prepare maintenance and renovation plans for the properties that we manage. We outsource some responsibilities, such as cleaning and security services. Property management service fees are paid to us in advance on an annual, quarterly or monthly basis, depending upon the type of property.

Under PRC law, owners have a right to engage a property management company or terminate its services in an owners' meeting if over one-half of the owners in the managed area holding at least one-half of the exclusively owned GFA agree. As at the Latest Practicable Date, our property management company's appointment had not been terminated with respect to any properties we managed.

Resort and hotel operation overview

We mainly operate one resort, Fengshan Resort (rated as a 4-star resort), and one hotel, Jianyuan Hotel. We believe that the demand for resorts and hotels in Beijing will increase as the economy of the region continues to grow, and that our resorts will continue to generate recurring income. Our Directors believe that our resort and hotel business enhances our brand name recognition and contributes to our overall marketing and sales strategies for, and the overall value of, our other projects. Our commitment to building and running resorts and hotels in certain localities has received support from local governments seeking to improve the local investment environment and attract more tourist traffic and business establishments to its jurisdiction. We are now constructing a hotel as part of our Global Trade Centre, which will be operated by Sheraton Overseas Management Corporation, a wholly owned subsidiary of Starwood Hotels and Resorts Worldwide, Inc.

For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the revenue of our property investment and management segment was RMB552.9 million, RMB671.1 million, RMB630.1 million and RMB163.0 million, respectively, representing approximately 8.4%, 8.3%, 7.4% and 7.5%, respectively, of our Group's total revenue for these periods.

Our property investment and management segment's competitive strengths

Our investment properties are situated at strategic locations in Beijing.

We have been able to secure investments in prime locations, including along the ring roads in Beijing, such as Dongzhimen, Xibianmen, Baishi Bridge and Anzhen Bridge. These locations are highly valued by virtue of their convenient access to key commercial areas and business districts in Beijing. Furthermore, as is generally true with prime real estate, we believe that these locations will likely increase in value at a faster rate than those areas surrounding them.

Our Directors believe that these locations bring intrinsic value to the property, beyond the value of the development on the land and that ownership of these properties affords us a wealth of experience in investing in and appraising future acquisitions at other potential prime sites.

The scale of our property investment and management operation provides us with cost and management efficiencies.

The large number of investment and management properties that we operate give us valuable economies of scale and market experience. We owned and operated approximately 595,594.0 sq.m. of investment properties in Beijing as at 31 May 2009. Through our significant property holdings, we are able to reduce our costs by collective procurement and to improve management efficiency by optimising internal staffing.

We manage our properties through our own property management companies. We also strengthen the public's awareness of the brands "BBMG Property" (金隅地產) and "BBMG Property Management" (金隅物業) through investment in or management of our self-developed properties, complementing our overall economies of scale and benefits of synergy generated among our business segments.

With our experience in managing properties, our strong track record and our brand name recognition as well as our quality certifications, we are able to capture the growth in demand for management services for grade A office buildings.

As the market in China continues to grow, we have seen an increase in the number of grade A office buildings available. This increase has generated a corresponding need for quality management services. We believe that property companies capable of providing professional management services are popular among landlords and that we are well placed in the market, with over 10 years of experience in and managing properties, our track record of success and our brand name recognition. Of further benefit to us in the market for management services are the professional qualifications and certifications we have been awarded, including BBMG Property Management's Class 1 property management qualification, ISO 9001 certification, ISO 14001 certification and OHSaS 18001 certification.

As a result of the quality of our property management services, Jinyu Mansion, Tengda Plaza and the Global Trade Centre were respectively awarded "Model Building of Property Management in China" (全國物業管理示範大廈) by the Ministry of Housing and Urban-Rural Development and its predecessor in 2002, 2006 and 2009, respectively. Also, the Global Trade Centre and Jiahua Plaza were awarded "Outstanding Managed Residential Plaza in Beijing" (北京市優秀管理居住小區) in 2007 by the Beijing Construction Committee (北京市建設委員會).

We benefit from synergies with our property development segment.

Our property investment and management segment benefits from integration with our upstream investments in property development. We have built a strong property management operation as an extension of our property development business, and our property investment and management unit is assisted by our wealth of experience and knowledge in property development. Furthermore, our land reserves in our property development segment will continue to provide future sources of investment and management properties. Having developed most of the properties that we currently own or operate, we extended our involvement in these properties, either through a retained investment or an operational role. We are able to leverage this familiarity with the property either in the decision to retain our investment or in how best to manage the property.

Our property investment and management segment's strategies

Secure our position as a leading property manager in Beijing and expand into other regions.

We will continue to make investments in self-developed properties in prime locations in Beijing and to expand into other cities in China.

Currently, most of our properties under management are self-developed and in Beijing, such as Tengda Plaza (at Baishi Bridge) and the Global Trade Centre (at Anzhen Bridge). As we continue to develop our land reserves and construct new projects, we will continue to invest in prime locations in Beijing and place under self-management those properties that we choose to retain.

We expect to enter new property investment and management markets outside Beijing with the expansion of our property development operations into new cities such as Tianjin; Hangzhou, Zhejiang Province; and Huhhot, Inner Mongolia. We are planning on expanding the geographical reach of our management companies to encompass these other cities.

Further integrate and improve our property management operations and apply them to high-end office properties not owned by us.

We currently operate one Class 1 qualified property management company, BBMG Property Management. In addition, we operate 13 Class 3 qualified subsidiaries. We plan to integrate our Class 3 operations into two to three new companies and seek to secure a Class 2 or higher management qualification for these new companies. This will enable us to consolidate our operations while providing us with a broader range of options in pursuing new opportunities.

We plan to capitalise on our property management qualifications and capability by further integrating and improving the command and control of these operations, and improve the quality of our management services. We also intend to expand our property management operations to cover more properties not self-developed or owned by our Group.

Description of investment properties

Global Trade Centre (環球貿易中心)

The Global Trade Centre is a large-scale commercial complex located at No. A9 Xiaohuangzhuang Road, Anding Menwai, Dongcheng District, Beijing. We hold this site directly and through Beijing Jihongfengrun, and operate and manage it directly and through BBMG Property Management. In 2009, Global Trade Centre was awarded "Model Building of Property Management in China" by the Ministry of Housing and Urban-Rural Development.

Still under construction, the Global Trade Centre is planned to comprise four intelligent office buildings, an international 5-star hotel, serviced apartments, a convention and exhibition centre and large-scale commercial space. The construction will be completed in four phases.

Construction of Phase 1, consisting of an office building designated as Tower A, was completed in November 2005. As at 31 May 2009, Phase 1 occupied a total site area of approximately 10,983.3 sq.m. and had an aggregate GFA of approximately 120,547.7 sq.m. Of this GFA, approximately 105,020.8 sq.m. was available for lease to third parties and approximately 15,526.9 sq.m. was for use by us. As at 31 May 2009, the occupancy rate of Phase 1 of the Global Trade Centre was approximately 95.3%. The current tenants of Phase 1 of the Global Trade Centre include professional service providers, manufacturing and construction companies and financial services companies. Phase 1 was granted ISO 9001, ISO 14001 and GB/T 28001 certificates at the end of September 2007. It was also granted the title of "Beijing Outstanding Property Management Plaza" (北京市優秀物業管理大廈) in 2007.

Construction of Phase 2 (Towers B and C) was completed in November 2008. As at 31 May 2009, Phase 2 (including Towers D and E of Phase 3 and Tower A2 of Phase 4) occupied a total site area of approximately 61,632.2 sq.m. and had an aggregate GFA of approximately 172,086.0 sq.m. Of this GFA, approximately 162,605.9 sq.m. was available for lease to third parties and approximately 9,480.1 sq.m. was for use by us. As at 31 May 2009, the occupancy rate of Phase 2 of the Global Trade Centre was approximately 44.4%.

Construction of Phase 3 (Towers D and E) was completed in May 2009. As at 31 May 2009, Phase 3 had an aggregate GFA of approximately 71,670.9 sq.m. We have sold an aggregate GFA of 10,589.6 sq.m. of Tower E to an independent third party. All of the remaining GFA of approximately 61,081.3 sq.m. was available for lease to third parties. As at 31 May 2009, the occupancy rate of Phase 3 of the Global Trade Centre was approximately 20.0%.

Phase 4 (Towers A1 and A2) includes a hotel and a serviced apartment building and is classified as a property held for self use. Phase 4 is under construction and is estimated to be completed in December 2010. Tower A1 will have a total site area of approximately 1,824.8 sq.m. and an aggregate GFA of approximately 20,550.0 sq.m. Tower A2 will have an aggregate GFA of approximately 96,725.0 sq.m. For further details, see "— *Resort and hotel properties*". As at 31 May 2009, we expected to incur a further approximately RMB927.5 million to complete the development of the Global Trade Centre.

Jinyu Mansion (金隅大廈)

Jinyu Mansion is an office building with commercial and office units, parking spaces and other ancillary facilities, located at No. A129 Xuanwumen West Main Street, Xicheng District, Beijing. We hold Jinyu Mansion directly, operate it directly and through us and Property Management and manage it through BBMG Property Management. Jinyu Mansion was granted the title of "Beijing Outstanding Property Management Plaza" in December 2001 and "Model Building of Property Management in China" (全國物業管理示範大廈) in 2002.

Construction of Jinyu Mansion was completed in 1998. As at 31 May 2009, Jinyu Mansion had a total site area of approximately 1,834.8 sq.m. and an aggregate GFA of approximately 44,836.8 sq.m. Of this GFA, approximately 36,005.9 sq.m. was available for lease to third parties and approximately 8,830.9 sq.m. was for use by us. As at 31 May 2009, the occupancy rate of Jinyu Mansion was approximately 96.7%. The current tenants of Jinyu Mansion include consultancy, information technology and equipment manufacturing companies.

Tengda Plaza (騰達大廈)

Tengda Plaza is an office building with office and commercial units, parking spaces and other ancillary facilities, located at No. 8 Houerligou, South of Xizhimenwai Main Street, Haidian District, Beijing. We hold this site through Beijing Gaoling, operate it through Beijing Gaoling and manage it through BBMG Property Management. In 2006, Tengda Plaza was awarded "Model Building of Property Management in China".

Construction of Tengda Plaza was completed in 2003. As at 31 May 2009, Tengda Plaza had a site area of approximately 8,500.0 sq.m. and an aggregate GFA of approximately 84,261.0 sq.m. Of this GFA, approximately 77,780.1 sq.m. was available for lease to third parties and approximately 6,480.9 sq.m. was for use by us. As at 31 May 2009, the occupancy rate of Tengda Plaza was approximately 94.1%. The current tenants of Tengda Plaza include trading, technology and investment companies.

Jianda Plaza (建達大廈)

Jianda Plaza is an office building with office units and parking spaces located at No. 14 Dongtucheng Road, Chaoyang District, Beijing. We hold Jianda Plaza through BBMT, operate it through Beijing Jianda Plaza Property Management Co., Ltd. (北京建達大廈物業管理有限責任公司), and manage it through Beijing Jianda Plaza Property Management Co., Ltd., which holds a Class 3 property management qualification and has been certified to comply with ISO 9001, ISO 14001 and GB/T 28001 standards.

Construction of Jianda Plaza was completed in 1998. As at 31 May 2009, Jianda Plaza occupied a site area of approximately 6,813.6 sq.m. and had an aggregate GFA of approximately 38,433.5 sq.m. Of this GFA, approximately 25,035.0 sq.m. was available for lease to third parties and approximately 13,398.5 sq.m. was for use by us. As at 31 May 2009, the occupancy rate of Jianda Plaza was approximately 85.9%. The current tenants of Jianda Plaza include information technology, consulting and trading companies.

Beijing Building Materials Trading Tower (北京建材經貿大廈)

The Beijing Building Materials Trading Tower is a commercial building located at No.14 Dongtucheng Road, Chaoyang District, Beijing. We hold, operate and manage this building through BBMT. This building has been certified to comply with ISO 9001 and ISO 14001 standards.

Construction of the Beijing Building Materials Trading Tower was completed in 1988. As at 31 May 2009, this building occupied a site area of approximately 18,114.6 sq.m. and had an aggregate GFA of approximately 22,187.8 sq.m., all of which was for lease to third parties. As at 31 May 2009, the occupancy rate of Beijing Building Materials Trading Tower was approximately 95.5%. The current tenants of Beijing Building Materials Trading Tower are principally traders of building materials. The building was the first modern household building materials sales centre in the PRC, which obtained both ISO 9001 and ISO 14001 certifications. Since its opening, this building has received many awards and recognitions, including the "Civilised Unit of the Capital" (首都文明單位) awarded by Capital Spiritual Civilisation Construction Commission (首都精神文明建設委員會) and "2006-2007 Favourite Household Market of Beijing Citizens" (2006-2007年度京城百姓最鍾愛的傢俱賣場品牌), jointly awarded by Beijing Times and the Beijing Market Association Household Branch (北京市場協會家居分會).

Jianhong Mansion (建宏大廈)

Jianhong Mansion is an office building with commercial units, parking spaces and other ancillary facilities, located at No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing. We hold and operate Jianhong Mansion through Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司) and manage it through Jinhuyuan Property Management.

Construction of Jianhong Mansion was completed in 2000. As at 31 May 2009, Jianhong Mansion occupied an aggregate site area of approximately 14,529.5 sq.m. and had an aggregate GFA of approximately 14,690.1 sq.m., all of which was available for lease to third parties. As at 31 May 2009, the occupancy rate of Jianhong Mansion was 100.0%. The current tenants of Jianhong Mansion include financial institutions, fitness centres and restaurants.

Jinyu Elegancy City (金隅麗港城)

Our investment properties at Jinyu Elegancy City are various commercial units to two residential buildings located at No. 15 Garden, Nanhu South Road, Chaoyang District, Beijing. We hold the investment properties at Jinyu Elegancy City together through Beijing GEM, operate them through Beijing GEM and manage them through BBMG Property Management.

Construction of Jinyu Elegancy City was completed in 2005. As at 31 May 2009, these investment properties occupied an aggregate site area of approximately 18,556.7 sq.m. and had an aggregate

GFA of approximately 21,846.0 sq.m. Of this GFA, approximately 13,760.0 sq.m. was available for lease to third parties and approximately 8,086.0 sq.m. was for use by us. As at 31 May 2009, the occupancy rate of Jinyu Elegancy City was 8.6%. The current tenant is a bank. We currently plan to sell this property in the future to realise the potential value gained from capital appreciation.

Peninsula International (半島國際公寓)

Our investment properties at Peninsula International are various commercial units to four residential buildings located at Xiajiayuan, Chaoyang District, Beijing. We hold Peninsula International directly, operate it directly and through Beijing Keshi, and manage it through Beijing Peninsula Property Management Centre Co., Ltd. (北京半島物業管理中心有限公司).

Construction of Peninsula International was completed in 2005. As at 31 May 2009, our investment properties at Peninsula International occupied an aggregate site area of approximately 1,477.4 sq.m. and had an aggregate GFA of approximately 8,291.2 sq.m. Of this GFA, approximately 5,872.7 sq.m. was available for lease to third parties and approximately 2,418.5 sq.m. was for use by us. As at 31 May 2009, the occupancy rate of our investment properties at Peninsula International was 100.0%. The current tenants of Peninsula International include financial institutions and medical companies.

Jiahua Plaza (嘉華大廈)

Jiahua Plaza comprises two office buildings located at No. 9 Shangdisan Street, Haidian District, Beijing. We hold Jiahua Plaza directly, operate it through BBMG Jiahua Property Management Co., Ltd. (北京金隅嘉華物業管理有限公司), and manage it through BBMG Property Management.

Construction of Jiahua Plaza was completed in stages between 2004 and 2006. As at 31 May 2009, Jiahua Plaza occupied an aggregate site area of approximately 671.2 sq.m. and had an aggregate GFA of approximately 2,946.4 sq.m., all of which was available for lease to third parties. As at 31 May 2009, the occupancy rate at Jiahua Plaza was 100.0%. The current tenants of Jiahua Plaza include restaurants, trading companies and information technology companies.

Beima Complex Building (北瑪綜合樓)

The Beima Complex Building is an office building located at Yinghai Village, Daxing District, Beijing. We hold, operate and manage this site through Great Wall Furniture.

Construction of the Beima Complex Building was completed in 2008. As at 31 May 2009, this building occupied a total site area of 6,288.0 sq.m. and had an aggregate GFA of approximately 14,144.2 sq.m., all of which was available for lease to third parties. As at 31 May 2009, the occupancy rate at Beima Complex Building was 100.0%. The current tenants of the Beima Complex Building are mainly investment companies.

Chengyuan Building (程遠商務樓)

The Chengyuan Building is an office building located at Xisanqi Jiancaicheng, Haidian District, Beijing. We hold, operate and manage this site through Xisanqi High-Tech Building Materials.

Construction of the Chengyuan Building was completed in 2006. As at 31 May 2009, the Chengyuan Building occupied a total site area of approximately 10,797.4 sq.m. and had an aggregate GFA of approximately 17,341.4 sq.m., all of which was available for lease to third parties. As at 31 May 2009, the occupancy rate at Chengyuan Building was approximately 98.8%. The current tenants of Chengyuan Building include trading and technology companies.

City One (金隅國際)

Our investment properties at City One are various commercial units located at No. 48 Wangjing West Road, Chaoyang District, Beijing. We hold and operate this site directly and manage it through BBMG Property Management.

Construction of City One was completed in stages between 2005 and 2006. As at 31 May 2009, our investment properties at City One occupied a total site area of approximately 3,632.6 sq.m. and had an aggregate GFA of approximately 17,663.6 sq.m. Of this GFA, approximately 2,144.3 sq.m. was available for lease to third parties and approximately 15,519.3 sq.m. was for use by us. As at 31 May 2009, the occupancy rate of City One was 100.0%. The current tenants at City One include cosmetics companies and various individuals.

In addition, we hold a number of smaller properties. Set out below is selected information relating to the other investment properties we held as at 31 May 2009 that were not included in the description of our investment properties above. The GFA available for lease for each of these investment properties is under 10,000 sq.m.

Name and location of investment property	Held by us through	Operated by us through	Managed by us through	Site area (sq.m.)	Total GFA (sq.m.)	GFA held by us for investment (sq.m.)
Shuanghui Garden, Shuangqiao Road, Chaoyang District, Beijing	Jinhaiyan Assets Management	Jinhaiyan Assets Management	Jinhaiyan Assets Management	1,383.1	1,944.9	1,944.9
Jiaye Mansion, No. 6 South 3rd Ring Road East, Fengtai District, Beijing	Great Wall Furniture	Great Wall Furniture	Great Wall Furniture	571.5	5,856.2	5,856.2
Ganlu Qingyuan Garden, Ganluyuan Nanli, Chaoyang District, Beijing	Xunsheng Wall Materials	Xunsheng Wall Materials	Xunsheng Wall Materials	1,573.2	3,403.0	3,403.0
Xisanqi Office Building, Zhong Road, Xisanqi Jiancaicheng, Haidian District, Beijing	Xisanqi High-Tech Building Materials	Xisanqi High-Tech Building Materials	Xisanqi High-Tech Building Materials	3,028.6	11,138.3	8,799.3
Jiandongyuan Garden, Guanzhuang Xili, Chaoyang District, Beijing	Beijing GEM and Beijing Jianji	Beijing Jianji	Beijing Jianji	3,613.8	7,071.9	6,811.8
Jianxinyuan Garden, Dahongmen West Road, Fengtai District, Beijing	Beijing GEM and Woodworking Factory	Woodworking Factory	Woodworking Factory	2,516.4	3,809.2	3,809.2
A commercial building located at No. A2 Tiyuguan West Road, Chongwen District, Beijing	Beijing Jianji	Beijing Jianji	Beijing Jianji	484.3	2,200.6	1,100.0
A commercial building located at No. 71 Xinhua Main Street, Tongzhou District, Beijing	Beijing Jianji	Beijing Jianji	Beijing Jianji	14,229.0	3,303.3	3,253.7

Leasing terms and pricing of investment properties

As at 31 May 2009, the total GFA of our office and commercial space available for lease was approximately 327,091.7 sq.m. and 147,685.5 sq.m., respectively. In selecting tenants for our properties, we consider whether the profile of tenants fits into the overall theme of the development projects. We also try to attract high-profile corporate clients which can help us promote the image of our rental properties. In addition, we assess whether prospect tenants are financially capable of fulfilling their rental commitments.

Our office leases are generally for terms of one to three years and typically require a security deposit of three months' rent. However, we grant longer-term leases (typically 10 to 15 years) to anchor tenants such as restaurants and large-scale entertainment service providers, whose operations often require a relatively large amount of initial investment in decoration. We also offer five-year leases for large office building customers and small- to medium-scale retailers.

Rents are typically based on prevailing market rates with reference to locations, grades and types. For customers with long-term leases, rents are subject to adjustment periodically, usually once every three years. Our tenants are generally charged a management fee on a monthly basis and are required to pay their own utility charges.

We market our investment properties through real estate agents, advertising and referrals from our existing customers. We believe our strategies to combine a diverse mix of tenants, conduct effective advertising and provide flexible leasing arrangements help us to achieve a balanced, stable and profitable investment property portfolio generating recurrent revenue.

Depending on the type of property involved, we price our property management services according to guide prices published by the PRC Government or prevailing market prices.

The table below sets out the occupancy rates of our investment properties as at the dates indicated:

		Occupancy rates(1)	
		As at 31 December	As at 31 May
	Investment properties	2008	2009
1.	Global Trade Centre Phase 1	89.7%	95.3%
2.	Global Trade Centre Phase 2	43.6%	44.4%
3.	Global Trade Centre Phase 3	N/A	20.0%
4.	Jinyu Mansion	73.3%	96.7%
5.	Tengda Plaza	99.9%	94.1%
6.	Jianda Plaza	79.1%	85.9%
7.	Beijing Building Materials Trading Tower	100.0%	95.5%
8.	Jianhong Mansion	100.0%	100.0%
9.	Jinyu Elegancy City	8.6%	8.6%
10.	Peninsula International	100.0%	100.0%
11.	Jiahua Plaza	94.3%	100.0%
12.	Beima Complex Building	100.0%	100.0%
13.	Chengyuan Building	67.4%	98.8%
14.	City One	100.0%	100.0%
15.	Shuanghui Garden	100.0%	99.6%
16.	Jiaye Mansion	100.0%	100.0%
17.	Ganlu Qingyuan Garden	100.0%	100.0%
18.	Xisanqi Office Building	74.9%	87.2%
19.	Jiandongyuan Garden	87.2%	86.8%
20.	Jianxinyuan Garden	100.0%	100.0%
21.	A commercial building located at No. A2 Tiyuguan West Road, Chongwen District, Beijing	95.5%	87.1%
22.	A commercial building located at No. 71 Xinhua Main Street, Tongzhou District, Beijing	100.0%	100.0%

Note:

(1) We have calculated the occupancy rates by dividing the GFA of a property subject to leases by the total GFA of the property we classify as investment property (including ancillary areas).

Our tenants

The following table sets out the top 10 tenants of the investment properties rented out by us in terms of space occupied as at the Latest Practicable Date. All of the tenants below are independent third parties.

Tenants	Industry	GFA (sq.m.)
Beijing Shengshi Jinbao Property Management Co., Ltd. (北京盛世金寶物業管理有限公司)	Management	15,000.0
Beijing Weitao Investment Co., Ltd. (北京威濤投資有限公司)	Investment	14,144.2
Beijing Dentsu Advertising Co., Ltd. (北京電通廣告有限公司)	Advertising	13,857.1
Beijing Yihe Party World Entertainment Co., Ltd. (北京宜禾錢櫃娛樂有限公司)	Entertainment	8,249.0
Beijing Xianglintianxia Tengda Restaurant Co., Ltd (北京湘臨天下騰達餐飲有限責任公司)	Catering	6,862.0
Beijing Zero One Zero Imperial Kitchen Restaurant Co., Ltd. (北京市零壹零禦家廚房餐飲管理有限公司)	Catering	5,900.0
Beijing Dazhong Electric Appliance Co., Ltd. (北京市大中電器有限責任公司)	Business	5,856.2
Beijing Yousheng Litian Investment & Consultancy Co., Ltd. (北京友升力天投資諮詢有限公司)	Consultancy	5,369.4
Beijing Siyuanyoumi Culture Co., Ltd. (北京思遠優覓文化傳播有限公司)	Consultancy	4,800.0
Beijing Zhongshi Shiji High-Grade Lubricating Co., Ltd. (北京市中石世紀高級潤滑油有限公司)	Office and business	4,584.0

Resort and hotel properties

We currently operate three resorts and hotels, Fengshan Resort, Daihai Resort and Jianyuan Hotel, and we are constructing a hotel to be operated by Sheraton Overseas Management Corporation. Our resorts and hotels are classified as properties held for self-use.

Fengshan Resort

We own and operate Fengshan Resort, located at Yingfang Village, Nanshao Town, Changping District, Beijing. Fengshan Resort is a garden style four-star resort hotel with conference rooms, hot spring and recreational facilities, clubs and restaurants. As at 31 May 2009, the resort occupied an aggregate site of approximately 181,180.0 sq.m. and had an aggregate GFA of approximately 69,506.1 sq.m., with over 300 guest rooms in total. Further development of the resort is currently under consideration. Fengshan Resort was rated as a four-star hotel in 2005 and a 4A Green Hotel and "Gold Leaf Level" Hotel by the National Tourist Hotel Star Rating Committee in 2006.

The resort is located on a piece of land leased to us by our Parent. The land is authorised by relevant government authorities to be used by our Parent for industrial purposes, and thus our use of the land for a resort operation may not be in full compliance with relevant PRC laws and regulations. For further details of this issue, see "*Risk Factors — Risk Relating to Our Property Investment and Management Business — The land occupied by BBMG Landao Building and BBMG Fengshan Resort may be reclaimed by the Government, as our current use of the land is inconsistent with the authorised use*".

Daihai Resort

Daihai Resort is located in Wusumu Village, Daihai Town, Liangcheng County, Inner Mongolia. We hold and operate Daihai Resort through Inner Mongolia BBMG Daihai Resort Co., Ltd.

(內蒙古金隅岱海旅遊度假有限責任公司). As at 31 May 2009, Daihai Resort occupied an aggregate site of approximately 385,430.0 sq.m. and had 80 temporary guest rooms in total. Daihai Resort is designed for tourists, with catering, yachting and horse-riding facilities. We plan to demolish several buildings and structures at Daihai Resort and re-develop it into a hotel or resort.

Jianyuan Hotel

Jianyuan Hotel is located at No. 5 Beixinping Hutong, Xicheng District, Beijing. It has a convenient location and provides customers with restaurant, lodging, conference and business facilities on site. We hold Jianyuan Hotel directly and operate and manage it through Beijing Jianyuan Hotel. As at 31 May 2009, Jianyuan Hotel had an aggregate site area of approximately 2,245.0 sq.m. and an aggregate GFA of approximately 4,628.3 sq.m., with 94 guest rooms, three conference rooms and one restaurant.

Sheraton Hotel

As part of our Global Trade Centre project, we are planning to construct a hotel to be operated by Sheraton Overseas Management Corporation, a wholly owned subsidiary of Starwood Hotels and Resorts Worldwide, Inc. (an internationally known third-party hotel management firm) with which we have entered into a long-term management agreement. The construction of the hotel building is currently expected to be completed by the end of 2010. Based on our project plans, the hotel is part of Phase 4 of Global Trade Centre, with a total of 470 guest rooms.

For further details on our Global Trade Centre project, see "*— Description of investment properties — Global Trade Centre*" above.

Management properties

In addition to the management of over one million square metres of high-end investment properties through BBMG Property Management, our Class 1 property management company, we also manage, through our Class 3 property management companies, other residential properties and commercial units mainly developed by us.

PROPERTY DEVELOPMENT SEGMENT

We are one of the top 10 property development companies in Beijing in terms of GFA sold in 2007, according to statistics released by the Beijing Statistics Bureau. We have a long history of developing properties in Beijing (having developed over five million square metres of GFA since 1987). We primarily develop residential properties and mid-market to high-end commercial and office buildings. We were the largest developer of affordable housing projects in Beijing in terms of the number of projects, as certified by the Beijing Real Estate Industry Association (北京房地產業協會) in 2008. Our residential home projects in Beijing are generally located in urban and suburban areas that we believe have good sales potential, and our commercial developments are principally located in prime locations in Beijing. While Beijing is our core market, we also develop or plan to develop properties in Tianjin; Hangzhou, Zhejiang Province; and Huhhot, Inner Mongolia.

We have been granted a number of awards and recognitions in relation to our property development activities, including the following:

- Beijing GEM, one of our key operating subsidiaries, was ranked first in brand value for real estate companies in northern China, as indicated in the "2007 China Property Brand Value

Research Report" (2007中國房地產品牌價值研究報告), published by a China property research group comprising the State Council Development Research Centre (國務院發展研究中心企業研究所), Tsinghua University Real Estate Institute (清華大學房地產研究所) and the China Index Institute (中國指數研究院); and

- in September 2006, Beijing GEM was named "Top 10 in Brand Value Among Property Development Companies in Northern China in 2006" (二零零六年中國華北房地產公司品牌價值TOP10) by the State Council Development Research Centre (國務院發展研究中心企業研究所), Tsinghua University Real Estate Institute (清華大學房地產研究所) and the China Index Institute (中國指數研究院).

For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the revenue of our property development segment was RMB2,155.7 million, RMB2,414.9 million, RMB1,968.3 million and RMB614.6 million, respectively, representing approximately 32.6%, 29.9%, 23.0% and 28.4%, respectively, of our Group's total revenue for these periods.

Our property development segment's competitive strengths

We are a large-scale property development company and a leader in the Beijing property development market.

We are one of the top 10 property development companies in Beijing in terms of GFA sold in 2007, according to statistics released by the Beijing Statistics Bureau. We have a long history of developing properties in Beijing. Beijing GEM, our principal property development subsidiary, began developing properties in Beijing in 1987, providing us with over 20 years of experience in property development.

The large scale of our operations enables us to run projects efficiently and professionally, thereby reducing overhead and cost. Our ample experience also allows us to better judge investments, based on factors such as location, market trends, building construction codes and demand for building features.

Our property development operations benefit from the increasing population in Beijing.

Our property development projects are mainly located in Beijing. For the past 10 years, Beijing has experienced an increasing population of regular residents. For example, the population of regular residents in Beijing increased by approximately 430,000, 520,000 and 620,000 in 2006, 2007 and 2008, respectively. We believe that the increase in population is an important factor contributing to the relatively steady demand for residential properties in Beijing. As we expect Beijing to remain at the core of our property development operations, we believe that our property development operations will benefit from the relatively steady demand for residential properties in Beijing.

We maintain a diversified portfolio of developments.

We have developed and are developing a broad range of properties, from large commercial buildings and high-end residential projects to affordable housing projects. These broad range of products provides us with a diversified portfolio that is less exposed to the risk of a slowdown in the market for any single product.

We benefit from the synergy among our four different business segments.

We believe we enjoy certain advantages in obtaining the land vacated by the operations in our other business segments. Due to the increasingly stringent environmental protection regulations in Beijing, we plan to build new, upgraded plants for manufacturing modern building materials outside Beijing. The land previously occupied by us will be redeveloped in accordance with city planning. We believe that under PRC Government regulations, our relocation will entitle us to receive compensation, reducing the costs related to such upgrades and relocation. We also believe the relocation will allow our property development segment to enjoy a competitive edge to win the secondary land development rights for the vacated land through a competitive bidding process. For example, Beijing GEM has developed Jinyu Meiheyuan on the site originally occupied by the BACP's ALC production plant, after the plant was relocated to Dachang Industrial Park. We plan to follow this model in the future when planning the relocation of other production plants.

Our property development operations also enjoy stable and high quality supplies of materials and services from our cement and modern building materials operations. Our development projects often use cement products and modern building materials produced by our cement and modern building materials segments. Our subsidiaries which design properties are familiar with both the protocol for designing and the characteristics of the building materials we produce, thus enabling them to integrate our materials into the designs. This internal synergy provides us with cost advantages and supply security.

In addition, we incorporate into our property development projects the energy saving and environmentally friendly products from our modern building materials segment. Our BBMG 7090 project, for example, has been designated a National Healthy Residence Model Project (國家康居住宅示範工程) for its incorporation of energy efficient and environmentally friendly systems. During the construction of this project, we implemented, to the extent possible, our energy saving and environmental protection system, including the use of the construction of energy-saving solar-energy water heaters and street lights. We believe this synergy generated across our business segments and this process of remaining environmentally conscious enables us to remain ahead of regulatory developments, build our brand strength, provide greater marketability to our finished projects and build in cost savings to the extent we decide to hold the property for investment.

Our property development segment's strategies

Strengthen our current market position in Beijing, while prudently expanding our reach into other cities in the PRC.

Our plans for the property development segment include consolidating our market position in Beijing, while prudently expanding our offerings to other cities in the PRC in view of market conditions. Beijing, as the nation's capital, has witnessed a fast growing property market in recent years and remains the key region in our overall business development strategy. We plan to solidify our position in Beijing through timely and prudent investments in future projects. With our experience, local knowledge and market reputation, we will continue our efforts to increase our presence and market share.

In addition to strengthening our position in Beijing, we intend to prudently expand our property development operations to cities outside Beijing. To date, we have already expanded our operations to Hangzhou, Zhejiang Province and Huhhot, Inner Mongolia, and we have plans to enter the property development markets in major cities in the area surrounding the greater Beijing-Bohai Gulf Region, the northeast and the middle and western regions of China. We will closely monitor and consider relevant market conditions before we decide to enter the property development market in these cities. Through these expansion plans, we hope to increase our revenue and diversify our market risk.

Continue to pursue a balanced portfolio of properties.

Our Directors believe that maintaining a balanced portfolio of assets in the property market is important to our sustained growth. Property development, as with many other types of investment, may be subject to periods of slow growth, the extent of which can vary depending on the sector of investment. Reduced returns in one sector may be offset by maintaining a spectrum of investments, thus offering the chance of a more stable return. We aim to ensure that our property development portfolio continues to include such diverse projects as large commercial projects and affordable housing.

Description of our projects

Classification of our projects

We classify our property projects for which we have obtained the relevant land use rights certificates into the following three categories:

- **Completed properties.** A development is considered to be "completed" when the local government authorities issue the registration form for inspection of completed construction (竣工驗收備案登記表) (the "**completion form**") or other similar documents for the development.

- **Properties under development.** A property is considered to be "under development" immediately following the issuance of a construction permit but prior to the issuance of the completion form.

- **Properties held for future development.** A property is considered to be "held for future development" when we have (i) obtained land use rights certificates or (ii) paid all land premium and believe, based on the advice of our PRC legal adviser, that we have no material legal impediment to obtain the land use certificates but have not yet received the construction permits.

As our projects sometimes comprise multiple phase developments on a rolling basis, a single project may include a number of phases that are completed, still under development or held for future development.

Our classification of properties is different from the classification of properties in the Property Valuation Report set out in Appendix IV and the Accountants' Report set out in Appendix I to this prospectus. Both reports were prepared in accordance with the standards applicable to their respective professions and are consistent in terms of the classification of properties. For example, the Property Valuation Report:

- excludes properties that have been sold; and

- classifies properties for which (i) we have obtained land use rights certificates or planning permits for land for construction and construction permits as "Properties held by the Group's

Real Estate Business under development in the PRC", and (ii) we have obtained land use rights certificates or have paid all land premium, and in respect of which we believe, based on the advice of our PRC legal adviser, that there is no material legal impediment for us to obtain the land use rights certificates but have not yet obtained the relevant construction permits as "Properties held by the Group's Real Estate Business for future development in the PRC"; and

the Accountants' Report:

- excludes properties that have been sold; and
- classifies (i) development costs relating to the properties that have not been completed as costs relating to "properties under development" and (ii) relevant costs incurred in relation to the properties which have been completed and ready for delivery as "properties held for sale".

The table below sets out our classification of properties and the corresponding classification of properties in the Property Valuation Report and the Accountants' Report:

Type of property	This prospectus	Property Valuation Report	Accountants' Report
• Completed projects	• Completed projects	• Properties held by the Group's Real Estate Business for sale in the PRC	• Completed properties held for sale (excludes completed properties that have been sold)
• Properties for which we have obtained the relevant land use rights certificates or planning permits for land for construction and construction permits	• Properties under development	• Properties held by the Group's Real Estate Business under development in the PRC	• Properties under development
• Projects or project phases for which we have obtained land use rights certificates or have paid all land premium and we believe, based on the advice of our PRC legal adviser, that there is no material legal impediment for us to obtain the land use rights certificates but have not yet obtained the relevant construction permits	• Projects held for future development	• Properties held by the Group's Real Estate Business for future development in the PRC	• Properties under development

The site area information for each project (though not each phase) is based on the relevant State-owned land use rights certificates, land grant contracts or forms for confirmation of the results of the registration survey of State-owned land, depending on which documents are available. The total GFA of a project comprises saleable GFA and non-saleable GFA. Non-saleable GFA refers to certain communal facilities, including transformer rooms and guard houses. Total GFA also represents the sum of the total completed GFA, total planned GFA under development and total planned GFA held for future development. Total completed GFA refers to the total GFA of our completed property developments. Saleable GFA represents pre-sold GFA and unsold GFA, excluding the GFA that is not intended for sale.

A property is considered sold upon the delivery of the property to the customer. A property is pre-sold when we have executed the pre-sale contract but have not yet delivered the property to the customer. The property is considered delivered to the customer when, among other things, (i) full payment has been received from the customer and (ii) the property has been completed, inspected and accepted as qualified and the completion certificate has been received.

The figures for completed GFA, planned GFA under development and planned GFA held for future development that appear in this prospectus are based on figures provided in the relevant government documents. The following information that appears in this prospectus is based on our internal records and estimates: (a) figures for GFA sold, GFA pre-sold, saleable GFA and non-saleable GFA and (b) information regarding total development costs incurred (including land costs, construction costs and capitalised finance costs) and estimated future development costs (including land costs, construction costs and capitalised finance costs), planned construction periods and numbers of units. Estimated future development costs that appear in this prospectus do not include the estimated development costs of properties held for future development. The actual figures and construction schedules in the future may differ from our current estimates. The information setting out the construction period for the completed phases of our projects in this prospectus is based on relevant government documents or our own internal records.

Overview of our projects

Our property development projects include office buildings, commodity housing, affordable housing and a housing renovation project. Of our 26 projects, two are office developments, 16 are commodity housing projects, seven are affordable housing developments and one is a housing renovation project.

During the Track Record Period, a majority of the office buildings we developed were retained as investment properties after completion. For further details regarding the projects we have developed and retained as investment properties, see *"— Property Investment and Management — Description of investment properties"*.

Commodity housing is sold at prevailing market prices, and our flats generally range in size from 70 sq.m. to 300 sq.m. These projects primarily comprise residential flats, along with a small amount of commercial space (such as shops and parking lots).

As at 31 May 2009, our seven affordable housing projects, namely, Jinyu Meiheyuan, Jinyu Lijingyuan, Shuanghui Living District, Jianxinyuan Garden, Jiandongyuan Garden, Chaoyang New City and Jinyu Jiaheyuan, represented approximately 40.2% of our total GFA under development. Revenue from these projects accounted for approximately 13.0%, 11.7%, 7.5% and 32.4% of the total revenue of our property development segment for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, respectively. Beyond the revenue, these affordable housing projects provide us with a diversified project base. Affordable housing projects are also a priority for the Government and have certain benefits, including allowing us to secure financing for other projects using these developments as collateral (something that cannot be done with ordinary commodity housing). The commercial space of affordable housing projects can be sold by us at prevailing market prices, which can help to compensate for the limited profit margin of the residential apartments. Furthermore, we often sell cement and modern building material products to these projects. Our Directors believe that construction of affordable housing projects is part of our corporate social responsibility.

For further details on affordable housing projects, including discussions on restrictions relating to sales and profits, see "*Risk Factors — Risk Related to Our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns*" and "*Regulatory Overview — Property Development and Management — Special regulations on developing economically affordable housing, reasonably priced housing and low-rent housing*".

We have obtained all the necessary permits and approvals for the construction of our property development projects, except that we have not (i) entered into the land grant contract and obtained the land use rights certificate for the construction of commercial space and ancillary facilities of Shuanghui Living District, which are planned to have an aggregate GFA of approximately 12,910 sq.m. and (ii) obtained the environmental approvals for the construction of lot number 15 of CBD Central Apartments and building number 5 of Tiantan Kungkuan. Due to the above, the PRC authorities may revoke the relevant construction permits that we have obtained for the units described in (i) above. Separately, we may be required by relevant PRC authorities to apply for the environmental approvals for the properties described in (ii) above, and may in addition be fined up to RMB400,000 for the non-compliance. For further details and our PRC legal adviser's view on this issue, see "*Risk Factors — Risks Relating to Our Property Development Business — We may fail to obtain, or may experience material delays in obtaining, necessary government approvals for our property development projects*" and "*— Legal and Regulatory Matters — Regulatory matters*" below.

Our property development subsidiaries are located in Beijing; Hangzhou, Zhejiang Province; and Huhhot, Inner Mongolia. None of these subsidiaries is required to pass an annual inspection by a construction authority to maintain its property development qualifications, except for our company in Huhhot, which has passed its most recent inspection.

As at 31 May 2009, we had a total of 26 property development projects in various stages of development, including an aggregate GFA of approximately 3,313,341.3 sq.m. of completed property developments, an aggregate planned GFA of approximately 1,349,526.9 sq.m. under development and an aggregate planned GFA of approximately 2,325,794.6 sq.m. held for future development.

We plan to fund our future development cost requirements for our properties under development and our properties held for future development by cash generated from our operations, bank borrowings and, to a limited extent, proceeds from the Global Offering.

Tables

The project names used in this prospectus are the names that we use or intend to use to market our properties. Some of these project names may be different from the names registered with the relevant authorities and may be subject to change. The following tables detail our 26 projects as at 31 May 2009:

Summary table

The table below sets out our project-by-project information as at 31 May 2009.

No.	Project name	City	Company involved	Site area(1)	GFA (sq.m.) Completed properties(2)	Properties under development(3)	Properties held for future development(4)	Total GFA	Total development costs incurred as at 31 March 2009	Total development costs incurred between 1 April 2009 and 31 May 2009	Estimated further development costs to complete the project as at 31 May 2009(5)	Attributable interest
				(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)	(%)
1.	Jinyu Town-House(6)	Beijing	Beijing GEM	93,031.9	48,689.6	63,603.3	15,679.5	127,972.4	613,851.3	46,238.3	377,253.2	100%
2.	Jinyu Fenglinzhou(6)	Beijing	Beijing GEM	29,139.5	70,419.3	0.0	0.0	70,419.3	597,456.1	0.0	0.0	100%
3.	City One	Beijing	Beijing GEM	29,756.1	135,230.7	0.0	0.0	135,230.7	807,036.9	0.0	0.0	100%
4.	CBD Central Apartments(6)	Beijing	Beijing GEM	117,683.5	437,581.4	0.0	0.0	437,581.4	2,074,877.6	0.0	0.0	100%
5.	Jinyu Vanke City	Beijing	BBMG Vanke	178,910.2	0.0	186,405.9	442,803.0	629,208.9	1,389,659.7	30,439.0	383,311.5	51%
6.	Jinyu Guanlan Times	Hangzhou, Zhejiang Province	BBMG-Wildwind (Hangzhou) Real Estate Development Co., Ltd.	234,840.0	0.0	187,143.8	501,944.1	689,087.9	1,520,771.0	58,155.6	526,861.8	80%
7.	Jinyu Times Constellation	Huhhot, Inner Mongolia	Inner Mongolia BBMG Landmark Investment Co., Ltd.	150,052.4	0.0	178,220.0	392,479.0	570,699.0	582,284.8	5,346.8	227,285.4	100%
8.	BBMG 7090(6)	Beijing	Beijing GEM	75,849.0	68,435.0	109,935.0	0.0	178,370.0	740,366.6	5,006.9	35,097.7	100%
9.	Jiaye Mansion	Beijing	Beijing GEM	26,586.2	118,607.9	0.0	0.0	118,607.9	511,648.5	0.0	0.0	100%
10.	Jiahua Plaza	Beijing	Beijing GEM	42,453.6	156,038.0	0.0	0.0	156,038.0	812,052.8	0.0	0.0	100%
11.	Tiantan Kungkuan	Beijing	Beijing GEM	18,177.2	41,936.1	0.0	0.0	41,936.1	220,468.8	0.0	0.0	100%
12.	Jinyu Dongan Kungkuan	Beijing	Beijing GEM	11,749.0	0.0	49,000.0	0.0	49,000.0	104,015.5	13,582.4	128,777.1	100%
13.	Jinyu Meiheyuan(6)(7)	Beijing	Beijing GEM	63,252.1	90,761.9	77,966.9	0.0	168,728.8	882,336.1	10,745.6	5,549.4	100%
14.	Jinyu Lijingyuan(6)(8)	Beijing	Beijing GEM	80,884.4	0.0	244,675.0	7,317.0	251,992.0	562,978.7	86,188.1	263,453.3	100%
15.	Xicuifangting Garden	Beijing	Beijing GEM	25,795.2	168,007.4	0.0	0.0	168,007.4	627,877.9	0.0	0.0	100%
16.	Baohua Home(6)	Beijing	Beijing GEM	12,390.4	16,387.2	0.0	39,578.0	55,965.2	84,066.7	229.0	—	100%
17.	Nanhu Residential District Renovation Project	Beijing	Beijing GEM	227,648.9	484,000.7	0.0	0.0	484,000.7	2,024,103.8	0.0	0.0	100%

No.	Project name	City	Company involved	Site area[1]	GFA (sq.m.): Completed properties[2]	GFA (sq.m.): Properties under development[3]	GFA (sq.m.): Properties held for future development[4]	GFA (sq.m.): Total GFA	Total development costs incurred as at 31 March 2009	Total development costs incurred between 1 April 2009 and 31 May 2009	Estimated further development costs to complete the project as at 31 May 2009[5]	Attributable interest
				(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)	(%)
18.	Shuanghui Living District (including Jinyu Kanghuiyuan)[6][8]	Beijing	Beijing GEM	255,036.8	228,430.6	192,676.0	242,598.0	663,704.6	864,596.7	122,372.3	538,914.3	100%
19.	Jianxinyuan Garden[8]	Beijing	Beijing GEM	183,730.2	470,033.8	0.0	0.0	470,033.8	1,412,218.3	0.0	0.0	100%
20.	Miaopu Housing Renovation Project[9]	Beijing	Beijing GEM	8,552.6	36,567.1	0.0	0.0	36,567.1	102,278.4	0.0	0.0	100%
21.	Jiandongyuan Garden[8]	Beijing	Beijing GEM	55,359.5	166,334.5	0.0	0.0	166,334.5	514,172.0	0.0	0.0	100%
22.	Chaoyang New City[8]	Beijing	Beijing GEM	317,475.2	455,884.7	27,076.0	458,000.0	940,960.7	1,725,735.6	21,478.9	39,042.9	100%
23.	Ganluqingyuan Garden	Beijing	Beijing GEM	16,590.8	119,995.4	0.0	0.0	119,995.4	464,101.3	0.0	0.0	100%
24.	Jinyu Jiaheyuan[7]	Beijing	Beijing GEM	43,556.4	0.0	0.0	112,596.0	112,596.0	0.0	0.0	—	100%
25.	Commercial Portions of Chaoyang New City	Beijing	Beijing GEM	61,800.0	0.0	0.0	112,800.0	112,800.0	134,409.2	394.1	—	100%
26.	Jinding Street Residential Project	Beijing	Beijing GEM	11,961.6	0.0	32,825.0	0.0	32,825.0	5,937.0	18,204.5	116,798.5	100%

Notes:

(1) The site area is based on the relevant land use rights certificates, land grant contracts or other tender documents, depending on which documents are available.

(2) The total GFA of completed properties includes saleable and non-saleable GFA of the properties.

(3) The GFA under development is based on planning permits for construction projects or other tender documents, depending on which documents are available.

(4) The GFA held for future development is based on construction work planning permits, our internal estimates or other tender documents, depending on which documents are available.

(5) Estimated future development costs refer to the estimated costs to complete the properties under development as of 31 May 2009 and do not include the development costs of properties held for future development.

(6) For further details of potential defects with respect to the land use rights certificates and/or building ownership certificates of these projects, see "*Risk Factors — Risks Relating to Our Property Development Business — We may not be able to obtain land use rights certificates or building ownership certificates with respect to certain land or unsold units in which we currently have interests in our property development operations*" and "*— Land and Buildings — Land and buildings for property development*" below.

(7) Reasonably priced housing project.

(8) Economically affordable housing project.

(9) Housing renovation project.

Completed properties

As at 31 May 2009, we had completed the development of the following 18 property projects with a total GFA of 3,313,341.3 sq.m. You should note that completed properties that were fully sold and delivered are not covered below or in the Property Valuation Report. We set out below details of these property projects as at 31 May 2009.

No.	Project name	Address	Completion date[1]	Site area[2]	Completed properties GFA[3]	Pre-sold GFA[4]	Unsold GFA[5]	Saleable GFA[6]	Attributable interest	Ref. to Property Valuation Report
				(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(%)	
1.	Jinyu Town-House[7]	Tiancun Liumingjiayuan, Haidian District, Beijing	February 2008	62,595.3[8]	48,689.6	2,940.5	11,102.5	14,043.0	100%	69
2.	Jinyu Fenglinzhou[7]	No. 265 Yaojiayuan Xikou, Chaoyang District, Beijing	September 2008	29,139.5	70,419.3	2,657.0	18,267.8	20,924.8	100%	73
3.	City One	Huajiadi Xili, Chaoyang District, Beijing	January 2006	29,756.1	135,230.7	1,225.5	2,094.9	3,320.4	100%	59
4.	CBD Central Apartments[7]	No. 31 Guangqumenwai Main Street, Chaoyang District, Beijing	December 2008	117,683.5	437,581.4	3,065.2	3,987.3	7,052.5	100%	61
5.	BBMG 7090[7]	South of Qiaozhuang Village, Tongzhou District, Beijing	December 2008	75,849.0[9]	68,435.0	2,342.2	39,558.0	41,900.2	100%	71
6.	Jiaye Mansion	Songjiazhuang, Fengtai District, Beijing	September 2006	26,586.2	118,607.9	494.1	4,316.9	4,811.0	100%	58
7.	Jiahua Plaza	Shangdi Gongmaoyuan, Haidian District, Beijing	November 2006	42,453.6	156,038.0	0.0	386.0	386.0	100%	68
8.	Tiantan Kungkuan	Xingfu Main Street, Chongwen District, Beijing	March 2009	18,177.2	41,936.1	1,682.7	10,579.2	12,261.9	100%	63
9.	Jinyu Meiheyuan[7]	Qinghe Xiaoying, Haidian District, Beijing	December 2008	63,252.1[10]	90,761.9	7,827.3	27,045.0	34,872.3	100%	72
10.	Xicuifangting Garden	Qingta Dongli, Fengtai District, Beijing	February 2007	25,795.2	168,007.4	126.4	1,290.4	1,416.8	100%	67
11.	Baohua Home	Shazikou Road, Chongwen District, Beijing	February 2001	3,700.0	16,387.2	125.4	1,430.5	1,555.9	100%	56
12.	Nanhu Residential District Renovation Project	Nanhuqu, Chaoyang District, Beijing	June 2007	227,648.9	484,000.7	350.7	688.9	1,039.6	100%	60
13.	Shuanghui Living District (including Jinyu Kanghuiyuan)	Shuangqiao Road, Chaoyang District, Beijing	September 2006	141,520.0	228,430.6	106.8	1,987.5	2,094.3	100%	65
14.	Jianxinyuan Garden	Dahongmen West Road, Fengtai District, Beijing	September 2007	183,730.2	470,033.8	377.4	31,862.7	32,240.1	100%	66
15.	Miaopu Housing Renovation Project	No. 6 Linhong Road, Fengtai District, Beijing	May 2006	8,552.6	36,567.1	23,003.4	2,921.4	25,924.8	100%	70
16.	Jiandongyuan Garden	Guanzhuang, Chaoyang District, Beijing	June 2005	55,359.5	166,334.5	0	161.0	161.0	100%	64
17.	Chaoyang New City	Dongba Village, Chaoyang District, Beijing	January 2009	112,624.4	455,884.7	324.3	33,383.5	33,707.8	100%	62
18.	Ganluqingyuan Garden	Ganluyuan Nanli, Chaoyang District, Beijing	December 2001	16,590.8	119,995.4	995.5	415.5	1,411.0	100%	57

Notes:

(1) Completion date represents the completion date of the whole phase. Certain properties within the phase may have been completed before that date.
(2) The site area is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available.
(3) The total GFA of completed properties includes saleable and non-saleable GFA of the property.
(4) Pre-sold GFA represents the GFA that is subject to pre-sale contracts but not yet delivered.
(5) Unsold GFA represents the GFA that is not subject to any sales contracts.
(6) Saleable GFA represents the pre-sold and unsold GFA, excluding the GFA that is not intended for sale.
(7) For further details of potential defects with respect to the land use rights certificates and/or building ownership certificates of these projects, see "*Risk Factors — Risks Relating to Our Property Development Business — We may not be able to obtain land use rights certificates or building ownership certificates with respect to certain land or unsold units in which we currently have interests in our property development operations*" and "*— Land and Buildings — Land and building for property development*" below.
(8) This site area included part of the site area of the properties under development at Jinyu Town-House.
(9) This site area included the site area of the properties under development at BBMG 7090.
(10) This site area included the site area of the properties under development at Jinyu Meiheyuan.

Properties under development

As at 31 May 2009, we had 11 property projects under development with a total planned GFA of 1,349,526.9 sq.m. Set out in the table below are details of these property projects as at 31 May 2009.

No.	Project name	Address	Site area[1]	Planned GFA[2]	Unsold GFA[3]	Pre-sold GFA[4]	Saleable GFA[5]	Estimated construction completion date[6]	Actual/ estimated pre-sale commencement date[7]	Attributable interest	Ref. to Property Valuation Report
			(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)			(%)	
1.	Jinyu Town-House	Tiancun Liumingjiayuan, Haidian District, Beijing	93,031.9[8]	63,603.3	63,603.3	0.0	63,603.3	September 2010	June 2009	100%	79
2.	Jinyu Vanke City	Changping Kejiyuan, Changping District, Beijing	62,205.4	186,405.9	58,628.6	114,749.5	173,378.1	October 2009	May 2008	51%	74
3.	Jinyu Guanlan Times	Economic Technique Development Zone, Hangzhou, Zhejiang Province	117,412.0	187,143.8	84,184.6	51,512.8	135,697.4	September 2010	April 2009	80%	82
4.	Jinyu Times Constellation	Ruyi Development Zone, Huhhot, Inner Mongolian Autonomous Region	114,458.7[9]	178,220.0	64,106.5	85,538.7	149,645.2	December 2010	June 2008	100%	83
5.	BBMG 7090	South of Qiaozhuang Village, Tongzhou District, Beijing	75,849.0[10]	109,935.0	89,065.0	0.0	89,065.0	December 2009	July 2008	100%	80
6.	Jinyu Dongan Kungkuan	Shuangqiao Road, Chaoyang District, Beijing	11,749.0	49,000.0	36,500.0	0.0	36,500.0	December 2009	April 2009	100%	78
7.	Jinyu Meiheyuan	Qinghe Xiaoying, Haidian District, Beijing	63,252.1[11]	77,966.9	38,655.7	35,714.4	74,370.1	December 2009	October 2008	100%	76
8.	Jinyu Lijingyuan[12]	Changying, Chaoyang District, Beijing	76,471.7	244,675.0	51,527.0	176,628.0	228,155.0	April 2010	September 2008	100%	81
9.	Shuanghui Living District (including Jinyu Kanghuiyuan)[12]	Shuangqiao Road, Chaoyang District, Beijing	113,516.8[13]	192,676.0	190,476.0	0.0	190,476.0	September 2009	September 2009	100%	77
10.	Chaoyang New City	Dongba Village, Chaoyang District, Beijing	90,191.1[14]	27,076.0	27,076.0	0.0	27,076.0	December 2009	June 2009	100%	75
11.	Jinding Street Residential Project	Jinding Street, Shijingshan District, Beijing	11,961.6	32,825.0	26,101.0	0.0	26,101.0	July 2010	December 2009	100%	84

Notes:

(1) The site area is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available.

(2) The planned GFA is based on construction permits or other relevant documents, depending on which documents are available.

(3) Unsold GFA represents the GFA that is not subject to any sales contracts.

(4) Pre-sold GFA represents the GFA that is subject to pre-sale contracts but not yet delivered.

(5) Saleable GFA represents pre-sold and unsold GFA, excluding the GFA that is not intended for sale.

(6) The estimated construction completion date is based on the Company's current estimation.

(7) The actual or estimated pre-sale commencement date is based on pre-sale permits or our project plans (for projects for which we have not obtained pre-sale permits).

(8) This site area included the site area of the completed properties and the properties held for future development at Jinyu Town-House.

(9) This site area included part of the site area of the properties held for future development at Jinyu Times Constellation.

(10) This site area included the site area of the completed properties at BBMG 7090.

(11) This site area included the site area of the completed properties at Jinyu Meiheyuan.

(12) For further details of potential defects with respect to the land use rights certificates and/or building ownership certificates of these projects, see "*Risk Factors — Risks Relating to Our Property Development Business — We may not be able to obtain land use rights certificates or building ownership certificates with respect to certain land or unsold units in which we currently have interests in our property development operations*" and "*— Land and Buildings — Land and buildings for property development*" below.

(13) This site area included the site area of the properties held for future development at Shuanghui Living District.

(14) This site area included part of the site area of the properties held for future development at Chaoyang New City.

Properties held for future development

We had 10 projects held for future development as at 31 May 2009. These properties had an aggregate site area of approximately 852,036.8 sq.m. and a planned total GFA of approximately 2,325,794.6 sq.m.

The total GFA with respect to each project included in our properties held for future development represents estimates by our management on the basis of our current development plans formulated pursuant to the relevant land grant contracts. Set out in the table below is further information about our properties held for future development as at 31 May 2009.

No.	Project name	Address	Site area[(1)]	Planned GFA[(2)]	Estimated construction completion date[(3)]	Attributable interest (%)	Ref. to Property Valuation Report
			(sq.m.)	(sq.m.)			
1.	Jinyu Town-House	Tiancun Liumingjiayuan, Haidian District, Beijing	30,436.6[(4)]	15,679.5	September 2010	100%	88
2.	Jinyu Vanke City	Changping Kejiyuan, Changping District, Beijing	116,704.8	442,803.0	March 2013	51%	92
3.	Jinyu Guanlan Times	Economic Technique Development Zone, Hangzhou, Zhejiang Province	117,428.0	501,944.1	N/A	80%	86
4.	Jinyu Times Constellation	Ruyi Development Zone, Huhhot Inner Mongolia Autonomous Region	150,052.4[(5)]	392,479.0	N/A	100%	85
5.	Jinyu Lijingyuan	Changying, Chaoyang District, Beijing	4,412.7	7,317.0	October 2010	100%	90
6.	Baohua Home[(6)]	No. 55 Shazikou Road, Chongwen District, Beijing	8,690.4	39,578.0	2012	100%	89
7.	Shuanghui Living District	Shuangqiao Road, Chaoyang District, Beijing	113,516.8[(7)]	242,598.0	March 2011	100%	93
8.	Chaoyang New City	Dongba Village, Chaoyang District, Beijing	204,850.8[(8)]	458,000.0	December 2014	100%	87
9.	Jinyu Jiaheyuan	Shahe, Changping District, Beijing	43,556.4	112,596.0	October 2010	100%	91
10.	Commercial Portions of Chaoyang New City	Dongba Village, Chaoyang District, Beijing	61,800.0	112,800.0	October 2010	100%	94

Notes:

(1) The site area is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available.

(2) The planned GFA is based on planning permits for construction projects or our project plans.

(3) The estimated construction completion date is based on our estimation.

(4) This site area included part of the site area of the properties under development at Jinyu Town-House.

(5) This site area included the site area of the properties under development at Jinyu Times Constellation.

(6) For further details of potential defects with respect to the land use rights certificates and/or building ownership certificates of these projects, see "*Risk Factors — Risks Relating to Our Property Development Business — We may not be able to obtain land use rights certificates or building ownership certificates with respect to certain land or unsold units in which we currently have interests in our property development operations*" and "*— Land and Buildings — Land and buildings for property development*" below.

(7) This site area included the site area of the properties under development at Shuanghui Living District.

(8) This site area included the site area of the properties under development at Chaoyang New City.

Jinyu Town-House (金隅•山墅)

Jinyu Town-House is located at Tiancun Liumingjiayuan, Haidian District, Beijing. This project, which is being developed by Beijing GEM, comprises various properties that are completed, under development and held for future development. As at 31 May 2009, Jinyu Town-House occupied an aggregate site area of approximately 93,031.9 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 127,972.4 sq.m.

As at 31 May 2009, properties under development at Jinyu Town-House occupied an aggregate site area of approximately 93,031.9 sq.m., of which an aggregate site area of approximately 62,595.3 sq.m. was shared with completed properties, while the remaining portion of approximately 30,436.6 sq.m. was shared with properties held for future development.

As at 31 May 2009, completed properties at Jinyu Town-House had a total GFA (including saleable and non-saleable GFA) of approximately 48,689.6 sq.m. Construction of these properties was completed in February 2008. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 90 residential flats with an aggregate saleable GFA of approximately 9,089.2 sq.m., 32 parking units with an aggregate saleable GFA of approximately 1,807.2 sq.m. and commercial space with an aggregate saleable GFA of approximately 3,146.6 sq.m.

As at 31 May 2009, properties under development at Jinyu Town-House were planned to have a total GFA (including saleable and non-saleable) of approximately 63,603.3 sq.m. Construction of these properties commenced in September 2007 and is planned to be completed in September 2010. Upon completion, these properties are planned to have 302 residential flats with an aggregate saleable GFA of approximately 49,533.3 sq.m., 328 parking units with an aggregate saleable GFA of approximately 13,104.0 sq.m., and commercial space with an aggregate saleable GFA of approximately 966.0 sq.m.

Based on our project plans, construction of the properties held for future development at Jinyu Town-House will commence in September 2009 and is expected to be completed in September 2010. These properties are planned to have a total GFA (including saleable and non-saleable GFA) of approximately 15,679.5 sq.m., consisting of residential buildings and ancillary facilities.

As at 31 March 2009, the total development costs of Jinyu Town-House (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB613.9 million. From 1 April 2009 to 31 May 2009, additional development costs of approximately RMB46.2 million were incurred. As at 31 May 2009, we expected to incur further development costs of approximately RMB377.3 million (excluding the development costs of properties held for future development) to complete the development of Jinyu Town-House.

Jinyu Fenglinzhou (金隅•鳳麟洲)

Jinyu Fenglinzhou is located at No. 265 Yaojiayuan Xikou, Chaoyang District, Beijing and was developed by Beijing GEM. As at 31 May 2009, this project occupied an aggregate site area of approximately 29,139.5 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 70,419.3 sq.m.

Construction of this project was completed in September 2008. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 234 residential flats with an aggregate saleable GFA of approximately 15,474.5 sq.m. and 156 parking units with an aggregate saleable GFA of approximately 5,450.3 sq.m.

As at 31 March 2009, the total development costs of Jinyu Fenglinzhou (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB597.5 million.

City One (金隅國際)

City One is located at Huajiadi Xili, Chaoyang District, Beijing and was developed by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 29,756.1 sq.m., and had a total GFA (including saleable and non-saleable GFA) of approximately 135,230.7 sq.m.

Construction of this project was completed in January 2006. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 33 residential flats with an aggregate saleable GFA of approximately 3,320.4 sq.m.

As at 31 March 2009, the total development costs of City One (including land costs, construction costs and capitalised finance costs) were approximately RMB807.0 million.

CBD Central Apartments (CBD總部公寓)

CBD Central Apartments is located at No.31 Guangqumenwai Main Street, Chaoyang District, Beijing and was developed by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 117,683.5 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 437,581.4 sq.m.

Construction of this project was completed in December 2008. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 51 residential flats with an aggregate saleable GFA of approximately 4,950.2 sq.m., 20 commercial units with an aggregate saleable GFA of approximately 2,102.2 sq.m., and a school with an aggregate non-saleable GFA of approximately 10,000.0 sq.m.

As at 31 March 2009, the total development costs of CBD Central Apartments (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB2,074.9 million.

Jinyu Vanke City (金隅•萬科城)

Jinyu Vanke City is located at Changping Kejiyuan, Changping District, Beijing. It comprises various properties that are under development and held for future development by BBMG Vanke, a subsidiary indirectly owned as to 51% by us through Beijing GEM, with the remaining 49% owned by an independent third party. As at 31 May 2009, the project occupied an aggregate site area of approximately 178,910.2 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 629,208.9 sq.m.

As at 31 May 2009, properties under development at Jinyu Vanke City occupied an aggregate site area of approximately 62,205.4 sq.m. and were planned to have a total GFA (including saleable and non-saleable GFA) of approximately 186,405.9 sq.m. Construction of these properties commenced in December 2007 and is planned to be completed in October 2009. Upon completion, these properties are planned to have 1,548 residential flats with an aggregate saleable GFA of approximately 161,130.0 sq.m., 345 parking units with an aggregate saleable GFA of approximately 9,240.5 sq.m., commercial space with an aggregate saleable GFA of approximately 3,007.6 sq.m. and ancillary facilities with an aggregate GFA of approximately 13,027.8 sq.m. As at 31 May 2009, an aggregate GFA of approximately 114,749.5 sq.m. had been pre-sold.

As at 31 May 2009, properties held for future development at Jinyu Vanke City occupied an aggregate site area of approximately 116,704.8 sq.m. Based on our project plans, construction of these properties commenced in June 2009 and is expected to be completed in March 2013. These properties are planned to have a total GFA (including saleable and non-saleable GFA) of approximately 442,803.0 sq.m., consisting of residential buildings, retail space, office space and parking units.

As at 31 March 2009, the total development costs of Jinyu Vanke City (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB1,389.7 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB30.4 million were incurred. As at 31 May 2009, we expected to incur further development costs of RMB383.3 million (excluding the development costs of properties held for future development) to complete the development.

Jinyu Guanlan Times (金隅•觀瀾時代)

Jinyu Guanlan Times is located at Economic Technique Development Zone, Hangzhou, Zhejiang Province. This project comprises various properties that are under development and held for future development by BBMG-Wildwind (Hangzhou) Property Development Co., Ltd. (杭州金隅野風房地產開發有限公司), a subsidiary which is 80.0% owned by us and 20.0% owned by an independent third party. As at 31 May 2009, it occupied an aggregate site area of approximately 234,840.0 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 689,087.9 sq.m.

As at 31 May 2009, properties under development at Jinyu Guanlan Times occupied an aggregate site area of approximately 117,412.0 sq.m. and were planned to have a total GFA (including saleable and non-saleable GFA) of approximately 187,143.8 sq.m. Construction of these properties commenced in April 2008 and is planned to be completed in September 2010. Upon completion, these properties are planned to have 1,036 residential flats with an aggregate saleable GFA of approximately 106,069.3 sq.m. and 811 parking units and ancillary facilities with an aggregate GFA of approximately 81,074.5 sq.m. As at 31 May 2009, an aggregate GFA of approximately 51,512.8 sq.m. had been pre-sold.

As at 31 May 2009, properties held for future development at Jinyu Guanlan Times occupied an aggregate site area of approximately 117,428.0 sq.m. and were planned to have a total GFA of approximately 501,944.1 sq.m. We have not yet finished the planning for these properties held for future development.

As at 31 March 2009, the total development costs of Jinyu Guanlan Times (including the costs of land acquisition and other preliminary costs) incurred were approximately RMB1,520.8 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB58.2 million was incurred. As at 31 May 2009, we expected to incur further development costs of RMB526.9 million (excluding the development costs of properties held for future development) to complete the development.

Jinyu Times Constellation (金隅•時代星座)

Jinyu Times Constellation is located at Ruyi Development Zone, Huhhot, Inner Mongolia Autonomous Region. This project comprises various properties that are under development and held for future development by us through Inner Mongolia BBMG Landmark Investment Co., Ltd. (內蒙古金隅置地投資有限公司). As at 31 May 2009, it occupied an aggregate site area of approximately 150,052.4 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 570,699.0 sq.m.

As at 31 May 2009, properties held for future development at Jinyu Times Constellation occupied an aggregate site area of approximately 150,052.4 sq.m., of which an aggregate site area of approximately 114,458.7 sq.m. was shared with properties under development.

As at 31 May 2009, properties under development at Jinyu Times Constellation were planned to have a total GFA (including saleable and non-saleable GFA) of approximately 178,220.0 sq.m. Construction of these properties commenced in November 2007 and is planned to be completed in December 2010. Upon completion, these properties are planned to have 1,135 residential flats with an aggregate saleable GFA of approximately 136,317.6 sq.m., 525 parking units and ancillary facilities with an aggregate GFA of approximately 28,574.8 sq.m. and commercial space with an aggregate saleable GFA of approximately 13,327.6 sq.m. As at 31 May 2009, an aggregate GFA of approximately 85,538.7 sq.m. had been pre-sold.

As at 31 May 2009, properties held for future development at Jinyu Times Constellation were planned to have a total GFA of approximately 392,479.0 sq.m. We have not yet finished the planning for these properties held for future development.

As at 31 March 2009, the total development costs of Jinyu Times Constellation (including the costs of land acquisition and other preliminary costs) incurred were approximately RMB582.3 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB5.3 million was incurred. As at 31 May 2009, we expected to incur further development costs of approximately RMB227.3 million (excluding the development costs of properties held for future development) to complete the development.

BBMG 7090 (金隅•七零九零)

BBMG 7090 is located at South of Qiaozhuang Village, Tongzhou District, Beijing. This project comprises various properties that are completed and under development by Beijing GEM. As at 31 May 2009, it occupied an aggregate site area of approximately 75,849.0 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 178,370.0 sq.m.

As at 31 May 2009, completed properties and properties under development at BBMG 7090 occupied an aggregate site area of approximately 75,849.0 sq.m.

As at 31 May 2009, completed properties at BBMG 7090 had a total GFA (including saleable and non-saleable GFA) of approximately 68,435.0 sq.m. Construction of the completed properties at BBMG 7090 was completed in December 2008. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 420 residential flats with an aggregate saleable GFA of approximately 41,900.2 sq.m.

As at 31 May 2009, properties under development at BBMG 7090 were planned to have a total GFA (including saleable and non-saleable GFA) of approximately 109,935.0 sq.m. Construction of these properties commenced in April 2007 and is planned to be completed in December 2009. Upon completion, these properties are planned to have 1,040 residential flats with an aggregate saleable GFA of approximately 89,065.0 sq.m. and ancillary facilities with an aggregate non-saleable GFA of approximately 20,870.0 sq.m.

BBMG 7090 has been designated a National Healthy Residence Model Project (國家康居住宅示範工程) for its incorporation of energy efficient and environmentally friendly systems. During the construction of this project, we implemented, as far as possible, our energy saving and environmental protection system, including the use of the construction of energy saving solar energy water heaters and street lights.

As at 31 March 2009, the total development costs of BBMG 7090 (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB740.4 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB5.0 million were incurred. As at 31 May 2009, we expected to incur further development costs of approximately RMB35.1 million to complete the development.

Jiaye Mansion (嘉業大廈)

Jiaye Mansion is located at Songjiazhuang, Fengtai District, Beijing, and was developed by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 26,586.2 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 118,607.9 sq.m.

Construction of this project was completed in September 2006. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 14 residential flats with an aggregate saleable GFA of approximately 1,398.9 sq.m. and retail space with an aggregate saleable GFA of approximately 3,412.1 sq.m.

As at 31 March 2009, the total development costs of Jiaye Mansion (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB511.6 million.

Jiahua Plaza (嘉華大廈)

Jiahua Plaza is an office building located at Shangdi Gongmaoyuan, Haidian District, Beijing and was developed by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 42,453.6 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 156,038.0 sq.m.

Construction of this project was completed in November 2006. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised three offices with an aggregate saleable GFA of approximately 386.0 sq.m.

As at 31 March 2009, the total development costs of Jiahua Plaza (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB812.1 million.

Tiantan Kungkuan (天壇公館)

Tiantan Kungkuan is located at Xingfu Main Street, Chongwen District, Beijing, and was developed by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 18,177.2 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 41,936.1 sq.m.

As at 31 May 2009, completed properties at Tiantan Kungkuan occupied an aggregate site area of approximately 18,177.2 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 41,936.1 sq.m. Construction of the completed properties at Tiantan Kungkuan was completed in March 2009. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 107 residential flats with an aggregate saleable GFA of approximately 11,029.6 sq.m., 23 parking units with an aggregate saleable GFA of approximately 1,232.3 sq.m. and ancillary facilities with an aggregate non-saleable GFA of approximately 3,007.5 sq.m.

As at 31 March 2009, the total development costs of Tiantan Kungkuan (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB220.5 million. From 1 April 2009 to 31 May 2009, further development costs incurred were nil.

Jinyu Dongan Kungkuan (金隅•東岸公館)

Jinyu Dongan Kungkuan is an office building located at Shuangqiao Road, Chaoyang District, Beijing, and is being developed by Beijing GEM. As at 31 May 2009, this project occupied an aggregate site area of approximately 11,749.0 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 49,000.0 sq.m.

Construction of this project commenced in September 2007 and is planned to be completed in December 2009. Upon completion, these properties are planned to have office space with an aggregate GFA of 36,500.0 sq.m., and ancillary facilities with an aggregate GFA of approximately 12,500.0 sq.m.

As at 31 March 2009, the total development costs of Jinyu Dongan Kungkuan (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB104.0 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB13.6 million were incurred. As at 31 May 2009, we expected to incur further development costs of approximately RMB128.8 million to complete the development.

Jinyu Meiheyuan (金隅•美和園)

Jinyu Meiheyuan is a reasonably priced housing project located at Qinghe Xiaoying, Haidian District, Beijing. For further details on reasonably priced housing projects see "*Risk Factors — Risks Related to our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns*". This project comprises various properties that are completed and under development by us through Beijing GEM. As at 31 May 2009, it occupied an aggregate site area of approximately 63,252.1 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 168,728.8 sq.m.

As at 31 May 2009, completed properties and properties under development at Jinyu Meiheyuan occupied an aggregate site area of approximately 63,252.1 sq.m.

As at 31 May 2009, completed properties at Jinyu Meiheyuan had a total GFA (including saleable and non-saleable GFA) of approximately 90,761.9 sq.m. Construction of the completed properties at Jinyu Meiheyuan was completed in December 2008. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 348 residential flats with an aggregate saleable GFA of approximately 34,872.3 sq.m.

As at 31 May 2009, properties under development at Jinyu Meiheyuan were planned to have a total GFA (including saleable and non-saleable GFA) of approximately 77,966.9 sq.m. Construction of these properties commenced in November 2007 and is planned to be completed in December 2009. Upon completion, these properties are planned to have 1,264 residential flats with an aggregate saleable GFA of approximately 74,370.1 sq.m. and ancillary facilities with an aggregate GFA of approximately 3,596.8 sq.m. As at 31 May 2009, an aggregate GFA of approximately 35,714.4 sq.m. had been pre-sold.

As at 31 March 2009, the total development costs of Jinyu Meiheyuan (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB882.3 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB10.7 million were incurred. As at 31 May 2009, we expected to incur further development costs of approximately RMB5.5 million to complete the development.

Jinyu Lijingyuan (金隅•麗景園)

Jinyu Lijingyuan is an economically affordable housing project located at Changying, Chaoyang District, Beijing. This project comprises various properties that are under development and held for future development by Beijing GEM. For further details on economically affordable housing projects, see *"Risk Factors — Risks Related to Our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns"*. As at 31 May 2009, the project occupied an aggregate site area of 80,884.4 sq.m. and had a total GFA (including saleable and non-saleable GFA) of 251,992.0 sq.m.

As at 31 May 2009, properties under development at Jinyu Lijingyuan occupied an aggregate site area of approximately 76,471.7 sq.m. and were planned to have a total GFA (including saleable and non-saleable GFA) of approximately 244,675.0 sq.m. Construction of these properties commenced in December 2007 and is planned to be completed in April 2010. Upon completion, these properties are planned to have 2,980 residential flats with an aggregate saleable GFA of approximately 225,605.0 sq.m., commercial units with an aggregate saleable GFA of approximately 2,550.0 sq.m. and ancillary facilities with an aggregate GFA of approximately 16,520.0 sq.m. As at 31 May 2009, an aggregate GFA of approximately 176,628.0 sq.m. had been pre-sold.

As at 31 May 2009, properties held for future development at Jinyu Lijingyuan occupied an aggregate site area of approximately 4,412.7 sq.m. Based on our project plans, construction of these properties will commence in September 2009 and is expected to be completed in October 2010. These properties are planned to have a total GFA (including saleable and non-saleable GFA) of approximately 7,317.0 sq.m., consisting of commercial space.

As at 31 March 2009, the total development costs of Jinyu Lijingyuan (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB563.0 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB86.2 million were incurred. As at 31 May 2009, we expected to incur further development costs of approximately RMB263.5 million (excluding the development costs of properties held for future development) to complete the development.

Xicuifangting Garden (西翠芳庭)

Xicuifangting Garden is located at Qingta Dongli, Fengtai District, Beijing and was developed by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 25,795.2 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 168,007.4 sq.m.

Construction of this project was completed in February 2007. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 15 residential flats with an aggregate saleable GFA of approximately 1,416.8 sq.m.

As at 31 March 2009, the total development costs of Xicuifangting Garden (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB627.9 million.

Baohua Home (寶華家園)

Baohua Home is located at No. 55 Shazikou Road, Chongwen District, Beijing. This project comprises various properties that are completed and held for future development by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 12,390.4 sq.m. and was planned to have a total GFA (including saleable and non-saleable GFA) of approximately 55,965.2 sq.m.

As at 31 May 2009, the completed properties at Baohua Home occupied an aggregate site area of approximately 3,700.0 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 16,387.2 sq.m. Construction of the completed properties at Baohua Home was completed in February 2001. As 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 12 residential flats with an aggregate saleable GFA of approximately 1,555.9 sq.m.

As at 31 May 2009, properties held for future development at Baohua Home occupied an aggregate site area of approximately 8,690.4 sq.m. Based on our project plans, construction of these properties will commence in June 2010 and is expected to be completed in 2012. These properties are planned to have a total GFA (including saleable and non-saleable GFA) of approximately 39,578.0 sq.m., consisting of residential buildings and ancillary facilities.

As at 31 March 2009, the total development costs of Baohua Home (including the costs of land acquisition and other preliminary costs) incurred were approximately RMB84.1 million. From 1 April 2009 to 31 May 2009, further development costs incurred were RMB0.2 million.

Nanhu Residential District Renovation Project (南湖生活區改造項目)

Nanhu Residential District Renovation Project is located at Nanhuqu, Chaoyang District, Beijing and was developed by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 227,648.9 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 484,000.7 sq.m.

Construction of this project was completed in June 2007. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 10 residential flats with an aggregate saleable GFA of approximately 1,039.6 sq.m.

As at 31 March 2009, the total development costs of Nanhu Living District Renovation Project (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB2,024.1 million.

Shuanghui Living District (including Jinyu Kanghuiyuan) (雙惠居住區（包括金隅康惠園）)

Shuanghui Living District is an economically affordable housing project located at Shuangqiao Road, Chaoyang District, Beijing. For further details on economically affordable housing projects, see the "*Risk Factors — Risks Related to Our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns*". This project includes various properties that are completed, under development and held for future development by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 255,036.8 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 663,704.6 sq.m.

As at 31 May 2009, the completed properties at Shuanghui Living District occupied an aggregate site area of approximately 141,520.0 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 228,430.6 sq.m. Construction of the completed properties at Shuanghui Living District was completed in September 2006. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 26 residential flats with an aggregate saleable GFA of approximately 2,094.3 sq.m.

As at 31 May 2009, properties under development and properties held for future development at Shuanghui Living District occupied an aggregate site area of approximately 113,516.8 sq.m.

As at 31 May 2009, the properties under development at Shuanghui Living District had a total GFA (including saleable and non-saleable GFA) of approximately 192,676.0 sq.m. Construction of these properties commenced in February 2008 and is planned to be completed in September 2009. Upon completion, these properties are planned to have 2,921 residential flats with an aggregate saleable GFA of approximately 179,766.0 sq.m., commercial space with an aggregate GFA of approximately 10,710.0 sq.m., and ancillary facilities with an aggregate GFA of approximately 2,200.0 sq.m. We will not be able to sell the commercial space and ancillary facilities of this property until we obtain the relevant land use rights certificates. For more information, see "*— Land and Buildings — Land and buildings for property development*" below.

Based on our project plans, the construction of properties held for future development at Shuanghui Living District will commence in September 2009 and is expected to be completed in March 2012. These properties are planned to have a total GFA (including saleable and non-saleable GFA) of approximately 242,598.0 sq.m., consisting of residential buildings, commercial units and ancillary facilities.

As at 31 March 2009, the total development costs of Shuanghui Living District (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB864.6 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB122.4 million were incurred. As at 31 May 2009, we expected to incur further development costs of approximately RMB538.9 million (excluding the development costs of properties held for future development) to complete the development.

Jianxinyuan Garden (建欣苑)

Jianxinyuan Garden is an economically affordable housing project located at Dahongmen West Road, Fengtai District, Beijing and was developed by Beijing GEM. For further details on economically affordable housing projects, see "*Risk Factors — Risks Related to Our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns*". As at 31 May 2009, the project occupied an aggregate site area of approximately 183,730.2 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 470,033.8 sq.m.

Construction of this project was completed in September 2007. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 341 residential flats with an aggregate saleable GFA of approximately 32,118.4 sq.m. and commercial space with an aggregate saleable GFA of approximately 121.7 sq.m.

As at 31 March 2009, the total development costs of Jianxinyuan Garden (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB1,412.2 million.

Miaopu Housing Renovation Project (苗圃危改項目)

Miaopu is a housing renovation project located at No.6 Linhong Road, Fengtai District, Beijing and was developed by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 8,552.6 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 36,567.1 sq.m.

Construction of this project was completed in May 2006. As at 31 May 2009, the sold but undelivered completed properties and completed unsold properties comprised 281 residential flats with an aggregate saleable GFA of approximately 25,924.8 sq.m. All of these remaining completed properties may be sold at prevailing market prices.

As at 31 March 2009, the total development costs of Miaopu (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB102.3 million.

Jiandongyuan Garden (建東苑)

Jiandongyuan Garden is an economically affordable housing project located at Guanzhuang, Chaoyang District, Beijing, and was developed by Beijing GEM. For further details on economically affordable housing projects, see "*Risk Factors — Risks Related to Our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns*". As of 31 May 2009, the project occupied an aggregate site area of approximately 55,359.5 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 166,334.5 sq.m.

Construction of this project was completed in June 2005. As at 31 May 2009, there were two unsold residential flats with an aggregate saleable GFA of approximately 161.0 sq.m. at Jiandongyuan Garden.

As at 31 March 2009, the total development costs (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB514.2 million.

Chaoyang New City (朝陽新城)

Chaoyang New City is an economically affordable housing project located at Dongba Village, Chaoyang District, Beijing. For further details on economically affordable housing projects, see "*Risk Factors — Risks Related to Our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns*". This project comprises various properties that are completed, under development and held for future development by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 317,475.2 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 940,960.7 sq.m.

As at 31 May 2009, the completed properties at Chaoyang New City occupied an aggregate site area of approximately 112,624.4 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 455,884.7 sq.m. Construction of the completed properties at Chaoyang New City was completed in January 2009. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 389 residential flats with an aggregate saleable GFA of approximately 33,506.2 sq.m. and commercial space with an aggregate saleable GFA of approximately 201.6 sq.m.

As at 31 May 2009, properties held for future development at Chaoyang New City occupied an aggregate site area of approximately 204,850.8 sq.m., of which an aggregate site area of approximately 90,191.1 sq.m. was shared with properties under development.

As at 31 May 2009, properties under development at Chaoyang New City had a total planned GFA (including saleable and non-saleable GFA) of approximately 27,076.0 sq.m. Construction of these properties commenced in November 2007 and is planned to be completed in December 2009. Upon completion, these properties are planned to have 534 residential flats with an aggregate saleable GFA of approximately 27,076.0 sq.m.

Based on our project plans, construction of the properties held for future development in Chaoyang New City will commence in September 2009 and is expected to be completed in December 2014. These properties are planned to have a total GFA (including saleable and non-saleable GFA) of approximately 458,000.0 sq.m., consisting of residential buildings.

As at 31 March 2009, the total development costs of Chaoyang New City (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB1,725.7 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB21.5 million were incurred. As at 31 May 2009, we expected to incur further development costs of approximately RMB39.0 million (excluding the development costs of properties held for future development) to complete the development.

Ganluqingyuan Garden (甘露晴苑)

Ganluqingyuan Garden is located at Ganluyuan Nanli, Chaoyang District, Beijing, and was developed by Beijing GEM. As at 31 May 2009, the project occupied an aggregate site area of approximately 16,590.8 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 119,995.4 sq.m.

Construction of this project was completed in December 2001. As at 31 May 2009, the sold but undelivered completed properties and unsold completed properties comprised 11 residential flats with an aggregate saleable GFA of approximately 1,380.6 sq.m. and one commercial unit with a saleable GFA of approximately 30.4 sq.m.

As at 31 March 2009, the total development costs of Ganluqingyuan Garden (including land costs, construction costs and capitalised finance costs) incurred were approximately RMB464.1 million.

Jinyu Jiaheyuan (金隅•嘉和園)

Jinyu Jiaheyuan is located at Shahe, Changping District, Beijing and is a reasonably priced housing project held for future development by Beijing GEM. For further details on reasonably priced housing projects, see "*Risk Factors — Risks Related to Our Property Development Business — Restrictions on profits from certain types of property developments could impact our overall returns*". As at 31 May 2009, the project occupied a site area of approximately 43,556.4 sq.m. and had a total planned GFA (including saleable and non-saleable GFA) of approximately 112,596.0 sq.m.

Based on our project plans, construction of Jinyu Jiaheyuan will commence in September 2009 and is expected to be completed in October 2010. Upon completion, these properties are planned to have 1,508 residential flats with an aggregate saleable GFA of approximately 102,311.0 sq.m. and commercial units with an aggregate saleable GFA of approximately 10,285.0 sq.m.

As at 31 March 2009, the total development costs of Jinyu Jiaheyuan (including land costs, construction costs and capitalised finance costs) incurred were nil. From 1 April 2009 to 31 May 2009, further development costs incurred were nil.

Commercial Portions of Chaoyang New City (朝陽新城非配套公建)

Commercial Portions of Chaoyang New City is located at Dongba Village, Chaoyang District, Beijing. This project is held for future development by Beijing GEM. As at 31 May 2009, the project occupied a site area of approximately 61,800.0 sq.m. and had a total planned GFA (including saleable and non-saleable GFA) of approximately 112,800.0 sq.m.

Based on our project plans, construction of Commercial Portions of Chaoyang New City will commence in September 2009 and is expected to be completed in October 2010. Upon completion, it is planned to have approximately 1,100 commercial shops with an aggregate saleable GFA of approximately 112,800.0 sq.m.

As at 31 March 2009, the total development costs of Commercial Portions of Chaoyang New City (including land costs, construction costs and capitalised finance costs) incurred were RMB134.4 million. From 1 April 2009 to 31 May 2009, further development costs incurred were RMB0.4 million.

Jinding Street Residential Project (金頂街住宅項目)

Jinding Street Residential Project is located at Jinding Street, Shijingshan District, Beijing. This project is under development by Beijing GEM. As at 31 May 2009, this project occupied an aggregate site area of approximately 11,961.6 sq.m. and had a total GFA (including saleable and non-saleable GFA) of approximately 32,825.0 sq.m.

Construction of this project commenced in April 2009 and is expected to be completed in July 2010. Upon completion, it is planned to have an aggregate GFA of approximately 32,825.0 sq.m., comprising residential units, parking units and ancillary facilities.

As at 31 March 2009, the total development costs of Jinding Street Residential Project (including land costs, construction costs and capitalised finance costs) incurred were RMB5.9 million. From 1 April 2009 to 31 May 2009, further development costs of approximately RMB18.2 million were incurred. As at 31 May 2009, we expected to incur further development costs of approximately RMB116.8 million (excluding the development costs of properties held for future development) to complete the development.

Our property development and project management procedure

We integrate our Group's resources to conduct site selection, land acquisition, planning, project design and construction, sales and post-sales support and a series of development works.

Site selection

Site selection is a fundamental step in our property development process. Our property development department is responsible for identifying sites for prospective property development. When selecting sites for our development projects, we usually apply the following criteria:

- location of the development sites, such as proximity and accessibility to city centres or business districts;
- property market conditions and potential for rising property values in the vicinity of the development site;
- local urban planning and specifications;
- local relevant regulations and policies;
- current status of, and development trends in, the local real estate market and market entry restrictions; and
- risks, estimated cost, investment and anticipated financial return.

Our marketing and sales team and our design service providers are involved in the early stages of the site identification process. Upon completion of the preliminary analysis, we engage external professional advisers to carry out feasibility studies and prepare feasibility study reports. Our executive Directors and senior management team then become more closely involved in the assessment process by conducting on-site visits before deciding whether to proceed with the acquisition of a site.

Once we have decided to acquire a site, our property development companies begin their preliminary site planning work.

Land acquisition and property rights

Unless otherwise indicated in the Property Valuation Report, we have obtained the relevant land use rights certificates for our development properties referred to in this prospectus. Many of our property developments occupy more than one parcel of land and require multiple land use rights certificates. We do not assign any value to land or the properties on it in the Property Valuation Report where our application for the land use rights certificate for any parcel of land is still being processed.

Prior to July 2002, land use rights could be obtained through a land grant contract from local government authorities. Since 1 July 2002, the PRC Government introduced regulations requiring that the land use rights granted by government authorities be sold through public tender, auction or listing for bidding. In order to lower the price for economically affordable housing, however, land use rights for development of economically affordable housing continue to be obtained through administrative allocation.

Primary land development

Through our involvement in primary land development projects, we increase our knowledge of the sites. We are currently engaging in two primary land development projects at Saihan District, Huhhot, Inner Mongolia and Xisanqi Jiancaicheng, Haidian District, Beijing, respectively. The site located in Inner Mongolia has a total site area of approximately 1,691,608.5 sq.m. Under the relevant primary land development agreement we entered into with relevant local government authority, we incurred substantial primary land development costs before the land is auctioned. We can expect to have a profit margin of approximately 15.0% if the land is successfully auctioned. We successfully won the bid in an open auction for approximately 150,052.4 sq.m. of site area, on which we are developing our Jinyu Times Constellation project. For further details about the Jinyu Times Constellation project, see "*— Property Development Segment — Description of our projects — Jinyu Times Constellation*". We have been engaged by our Parent to undertake the primary development project in Beijing. This renovation project requires the demolition of existing buildings located in an residential area and the relocation and resettlement of the owners and residents. Our Parent will bear all expenses and costs but will enjoy all benefits and interests in relation to this project. In consideration of our services, we will receive a fee equal to 12.0% of the total expenses and costs of the renovation project provided that it is completed before 31 December 2009. For further details about this project, see "*Connected Transactions — Non-exempted continuing connected transactions — Renovation Project*".

Financing property developments and land premium

Our financing methods vary from project to project. We are required by the PRC Government to finance our property developments with at least 35% internal funding. The balance of the funding generally comes from a combination of bank loans, sales proceeds and shareholders' equity. Bank financing has been an important source of funding for our property development projects.

We also finance our property development projects through joint ventures, successful examples of which are Jinyu Vanke City and our Hangzhou project development company.

We cannot assure you that we will be able to continue to obtain sufficient bank loans or facilities for our property development projects in the future. See *"Risk Factors — Risk Relating to Our Property Development Business — We may not have adequate financing to fund our property developments and may require additional financing in the term of debt or equity"*.

Project design work

We contract our project and interior design work for our projects to our subsidiary, Beijing Jiandu, and other independent architectural and interior design firms, which plan our property projects' architectural, landscape and interior designs, in accordance with our specifications. See *"— Research, Development and Design — Design operations"*.

When determining the design of a particular property development, the designers and engineers generally consider the requirements of our marketing and sales team regarding product mix, project location and market conditions, as well as the regulatory requirements regarding the design.

Construction work and procurement

Construction

We engage independent contractors to provide construction, piling and foundation, building and property fitting out work, interior decoration and installation of equipment. Our project development subsidiaries are responsible for the overall coordination and allocation of responsibilities for the construction of each project area at different stages and supervises the progress of construction work.

Under PRC laws and regulations, a tender process is usually required to select the contractors for certain construction projects.

Procurement

Most of the major supplies, such as steel and cement, needed for the construction of our projects are procured by our contractors. However, we have a central procurement management department to coordinate and negotiate procurement terms, such as price, for our contractors. In some cases, we request contractors to source cement and modern building materials supplied by our Group companies in order to ensure quality and a stable supply and increase efficiency. Our centralised procurement platform gives us more bargaining power and better cost control, enabling us to benefit from economies of scale.

Quality control

We have established procedures to ensure that the quality of our properties and services comply with relevant regulations and meet market standards. Quality control procedures are implemented by our property development companies. For each property development project, quality inspections and regulatory compliance reviews are carried out by the construction company, construction supervisory companies, our project development subsidiaries.

In accordance with PRC regulations, we engage the services of PRC-qualified third party construction supervisory companies on a project by project basis to supervise the construction of our property developments. These construction supervisory companies oversee, under a construction supervision contract and relevant governmental rules and procedures, the progress and quality of the construction work of a property development throughout the construction phase. We select construction supervisory companies through a tender process.

Completion and pre-sales

Properties in a property development project are treated as completed when the local government authorities issue a registration form for inspection of completed construction. Properties in a property development are treated as having received that certification when we have provided the relevant government authorities with, among other things, the following documents and when an official seal has been affixed to the inspection for completion form:

- relevant approvals and acceptance documents from authorities including bureaus of planning, fire services, technical supervision, environmental protection;
- acceptance report on completed construction works;
- construction permit;

- project quality assessment report;
- quality inspection report on investigation and design documentation; and
- inspection report on the quality of construction projects.

For further details on the regulatory restrictions relating to the pre-sale and sale of property in the PRC, see *"Regulatory Overview — Property Development and Management — Property development — Pre-sales and sales"*. The pre-sale proceeds from each of our property development projects were used to finance the development costs of the relevant project. Based upon the above, our PRC legal adviser is of the view that we are in compliance with relevant PRC laws and regulations regarding the pre-sale of property development projects.

Sales and marketing

The marketing and sales department of our property development segment is responsible for formulating and implementing our marketing and sales strategies. We support our marketing and sales activities through cooperation with external professional marketing and sales service agents, which are contracted to do the work and are supervised by our marketing and sales department. We engaged approximately 10 sales and marketing agents in 2006, 2007 and 2008 and four agents in the three months ended 31 March 2009. The commission for these marketing and sales agents was RMB24.5 million, RMB9.9 million, RMB20.8 million and RMB1.0 million for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, representing approximately 1.1%, 0.4%, 1.1% and 0.2%, respectively, of the revenue of our property development segment for each of these periods. As at the Latest Practicable Date, our sales and marketing team was comprised of over 20 employees.

We have a diversified customer base ranging from wealthy high end customers to more economical customers. Our customers can pay with mortgage facilities arranged with banks. The mortgage payment terms for sales and pre-sales of properties are substantially the same. Since 2007, generally all purchasers are required to make a down payment of at least 20% of the purchase price when executing a purchase contract. A maximum 30 year mortgage loan for up to 80% of the purchase price may be available to the purchasers of commodity housing who are required to settle such amount within one month following the execution of the sales and purchase contract.

If purchasers choose not to finance their purchase with mortgage loan facilities, they are required to pay the purchase price in full at the time of the delivery of the property.

In accordance with market practice, we provide short-term guarantees to banks for the repayment of the mortgage loans offered to our customers. Our short-term guarantees are generally released within a period of time after the issuance of the individual property ownership certificate to the mortgage bank by the relevant housing administration department.

In line with customary practice in the industry, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As at 31 December 2006, 2007 and 2008 and 31 March 2009, our contingent liabilities comprising guarantees given to banks in respect of the mortgage facilities for certain purchasers of our properties amounted to RMB555.4 million, RMB683.0 million, RMB748.0 million and RMB798.2 million, respectively.

RESEARCH, DEVELOPMENT AND DESIGN

We have our own internal research, development and design units that assist us in developing new products and technologies. Through the development of new building materials and research into improved methods of production, we are able to improve our efficiency and competitiveness. Our design units work with our property development segment in designing properties that are not only energy saving and environmentally friendly, but also incorporate our internally sourced products, as a way to create further synergy between the operations of our various segments.

Research and development

We have a technology centre consisting of BBMA, seven branch research centres and research departments in many of our subsidiaries, which together form the research and development platform of our Group. These research units had in aggregate approximately 760 professional staff members as at the Latest Practicable Date. Among them, over 60 have advanced degrees (including master and doctorial degrees) and about three quarters of them are qualified engineers (with over 50 senior engineers).

We conduct research into three primary areas. The cement related research includes production and raw materials improvements, energy-saving techniques (such as the residual heat recovery technology) and down stream applications (such as concrete and dry mortar mix). Work on modern building materials covers the breadth of our product offerings, such as paint, desulphurised gypsum and nanometer materials (for use in areas such as antiseptic building materials). In addition, it covers research on property development and renovation technique, such as energy saving renovations of existing structures, the market for which is expected to grow substantially in the future.

Our main research institute and the headquarters of our technology centre, BBMA, has a history of over 48 years. It has evolved from a pure research institute to a revenue generating enterprise in 2001. BBMA consists of three separate entities: a research and development facility, a production entity and a testing centre. The testing centre also provides external services for third-party customers.

Our seven branch research centres are placed in our operating subsidiaries. With 96 professional staff members and a post-doctorate work station, the branch research centre in Tongda Refractory is certified as a Beijing level technology research centre. Currently, members of Tongda Refractory's branch research centre work alongside the University of Science and Technology Beijing in their projects. In BSBM, we set up a branch research centre to engage in the development of mineral wool acoustic board and study the application of new products and technologies. With over 30 research personnel continuously updating the technologies, especially those in relation to decorative function and installation method, we enjoy a competitive advantage in the production of mineral wool acoustic boards. As a result of this research, we have been able to produce Grade A fire proofing mineral wool acoustic boards that meet GB8624 standards. We have also been able to solve quality defects that resulted from humidity generated by emulsionised paraffinum during the manufacturing process and have expanded the application of mineral wool boards by developing products that are humidity resistant.

Both BBMA and our branch research centre within Tongda Refractory have been individually recognised as national leaders in their respective areas, and all of our research and development operations provide us with technology and technical expertise that sets us ahead of many of our competitors. In addition, our research facilities are nationally renowned for setting standards in the PRC market. As at the Latest Practicable Date, we had been instrumental in producing over 30 regulations and standards for building materials manufacturing and applications, all of which have been incorporated into our product designs. Recognition of this work has allowed us to collaborate with various international companies. For example, BBMA has collaborated in the past with Kerneos (China) Aluminate Technology Co., Ltd (凱洛斯（中國）鋁酸鹽技術有限公司), a subsidiary of Kerneos Aluminate Technology Co., Ltd (a French Company).

Our Directors believe that a sustained and intense investment in research and development will provide greater shareholder value through the synergies gained from injecting our advanced technical expertise into every facet of our supply chain. Whether through researching methods relating to the manufacture of cement or advances in modern building materials, opportunities exist to enhance our product offerings and generate intellectual property assets. For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the aggregate expenses incurred in connection with our research and development activities was approximately RMB40.8 million, RMB57.3 million, RMB63.2 million and RMB13.1 million, respectively.

Design operations

Our design company, Beijing Jiandu, is one of our branch research centres and provides part of the design and development work for our property development segment. Beijing Jiandu has a Class A qualification for the design of construction projects, a Class A qualification for the industrial design of modern building materials and a Class A qualification for project consultancy. In its design work, Beijing Jiandu incorporates our environmentally friendly and energy saving building materials into the projects it designs (such as in our BBMG 7090 property development project), which demonstrates both the strength of our integrated production chain as well as our commitment to environmental friendliness in our operations. In addition, this unit helps to promote internal synergy by incorporating our products (such as concrete, cement, partition panels, insulation boards, paints, waterproof materials, doors and windows, outer wall bricks, cable frame) into its designs.

SUPPLIERS AND CUSTOMERS

The purchases and sales attributable to our Group's five largest suppliers and customers, respectively, were below 30% of our total purchases and sales during the Track Record Period.

QUALITY CONTROL

Quality control is an important part of our production process. As at 31 December 2008, the quality control divisions of our cement (including our associate Taihang Cement and its subsidiaries), modern building materials, property investment and management and property development segments employed 172, 105, 28 and 21 quality control employees, respectively. These employees are responsible for quality inspections throughout the production or engineering processes.

We have also implemented certain quality control standards based on the same formulated by the International Organization for Standardization. We have received various ISO series accreditations for our quality control systems for companies in the cement, modern building materials, property investment and management and property development segments. The list of ISO and other certifications obtained by us is as below:

Cement segment

Subsidiaries	ISO9001	ISO14001	GB/T28001	ISO10012
Dingxin Cement	√	√	√	—
Liulihe Cement	√	√	√	√
Xinbeishui	√	√	√	—
BBMG Mangrove Environmental	—	√	√	—
BBMG Concrete	√	√	√	√
Bulangni	√	√	√	—

Modern building materials segment

Subsidiaries	ISO9001	ISO14001	GB/T28001	ISO10012
Tiantan Furniture	√	√	√	√
Beijing Tiantan Decoration and Engineering Co., Ltd. (北京天壇裝飾工程有限責任公司)	√	√	—	—
Woodworking Factory	√	—	—	—
BSBM	√	√	√	√
Sanchong Mirrors	√	√	√	—
Beijing Keshi	√	√	√	—
BACP	√	—	√	—
BMBM	√	√	√	√
Xiang Brand Walling	√	√	√	—
Beijing Jinghua Glass Fiber Products Co., Ltd. (北京京華玻璃纖維製品有限公司)	√	—	—	—
Xiliu Building Materials	√	√	√	√
BBMA	√	√	√	√
Jinzhiding	√	√	√	√
Maydos-Sanqi Coating	√	√	√	—
NanoMei	√	√	√	—
Tongda Refractory	√	√	√	√
Gongyi Tongda Technology	√	—	—	—
BBMT	—	√	—	—
Beijing BBMG Decoration and Engineering Co., Ltd. (北京金隅裝飾工程有限公司) (formerly known as Beijing Xiangyuan Decoration and Engineering Co., Ltd. (北京祥苑裝飾工程有限公司)	√	√	√	—
BJ Ceramics	—	√	√	—
BBMIEC	√	—	—	—

Property investment and management segment

Subsidiaries	ISO9001	ISO14001	GB/T28001
BBMG Property Management(1)	√	√	*
BBMG Global Trade branch of BBMG Property Management (北京金隅物業管理有限責任公司環貿分公司)	√	√	√
BBMG-Jiahua Property Management Co., Ltd. (北京金隅嘉華物業管理有限公司)	√	√	√
Jinhuyuan Property Management	√	√	√
Beijing Gaoling	√	√	√
Beijing Jianda Plaza Property Management Co., Ltd. (北京建達大廈物業管理有限責任公司)	√	√	√
BBMG Fengshan Resort	√	√	√
Beijing Yongleju Property Management Co., Ltd. (北京永樂居物業管理有限公司)	√	—	—
Beijing Jiandongyuan Property Management Co., Ltd. (北京市建東苑物業管理有限公司)	—	√	√
Beijing Chaoxinjiayuan Property Service Co., Ltd. (北京市朝新佳苑物業服務有限公司)	√	√	—
Beijing Jinhaiyan Property Management Co., Ltd. (北京金海燕物業管理有限公司)	√	√	√
Beijing Jianyuanju Property Management Co., Ltd. (北京市建苑居物業管理有限責任公司)	√	√	√
Beijing Ganlu Property Management and Service Co., Ltd. (北京甘露物業服務有限公司)	√	—	—
Beijing Jinfuyuankang Property Management Co., Ltd. (北京市金福苑康物業管理有限責任公司)	√	√	√
Beijing Peninsula Property Management Centre Co., Ltd. (北京半島物業管理中心有限公司)	√	√	√
Beijing Xisanqi Property Management Co., Ltd. (北京西三旗物業管理有限公司)	√	—	—

Note:

(1) While not GB/T 28001 certified, BBMG Property Management is OHSAS 18001 Occupational Health Safety Management System certified.

Property development segment

Subsidiaries	(ISO9001)	(ISO14001)	(GB/T28001)
Beijing GEM	√	√	√

PRODUCTION SAFETY AND LABOUR MATTERS

We are subject to PRC laws and regulations regarding labour, safety and work related incidents. These include the *PRC Labour Law* (中華人民共和國勞動法), which protects the rights and interests of employees and regulates their relationship, the *PRC Safety Production Law* (中華人民共和國安全生產法), establishing a work place safety system, and the State Council Regulations regarding work related injury insurance, which provides guidelines on medical treatment and economic compensation for staff and workers who suffer from work related injuries. We have promulgated a corporate policy on production and labour safety and established relevant departments to guide, manage and supervise this issue. Persons involved in formulating and implementing these regulations (two of which are registered national safety engineers and members of the Beijing Association of Production Safety (北京市安全生產協會)) have a wealth of experience in production safety management. We also have a production safety department in our headquarters responsible for handling production and labour safety compliance issues. Our subsidiaries are required to conduct comprehensive production safety checks at least once a month, and we provide special training to relevant employees on a regular basis. We plan to invest more in improving our employees' skills in locating potential problems in production safety so as to address risks before they arise.

In addition, we have promulgated a safety response manual, the *BBMG Pre-Arranged Plan for Production Safety Accidents* (北京金隅股份有限公司生產安全事故應急救援預案), to address potential production safety risks. We have established a group consisting of certain senior managers to deal with occupational accidents. When an accident occurs, we are required to immediately carry out emergency steps to secure the injured staff, conduct an investigation into the cause and coordinate with relevant government authorities.

Our PRC legal adviser is of the opinion that, during the Track Record Period, we were in compliance with PRC labour and safety laws and regulations in all material aspects. During the Track Record Period, we did not experience any material occupational accidents.

ENVIRONMENTAL MATTERS

We are subject to the national environmental laws of the PRC, the regulations of the State Council issued thereunder and the environmental rules promulgated by competent ministries and the local governments in whose jurisdictions our plants are located. These include regulations on air pollution, water pollution, noise emission and solid waste discharge. The Ministry of Environmental Protection sets national discharge standards for various pollutants and local environmental protection bureaus may set stricter local standards. Enterprises are required to comply with the stricter of the two applicable standards. If these levels are exceeded, the polluting entity will be required to pay excess discharge fees as set by the Government.

In addition to general environmental protection laws and regulations, our cement business, which generates gas and dust in the process of its production, is subject to the *Emission Standard of Air Pollutants for Cement Industry* (水泥工業大氣污染物排放標準). The standard provides for, among other things, limits on gaseous and particle pollutants permissible for cement production equipment and activities. The environmental protection agencies at county level or above are responsible for enforcing this regulation. In recognition of the importance of environmental protection, the PRC Government has begun to strictly enforce environmental protection laws, regulations and policies on cement facilities and production activities. Based on the policies and plans issued by the NDRC in October 2006, local governments at all levels should shut down cement operations which are of small-scale and fail to meet environmental standards, and discharges of cement operations must not exceed the limits imposed by both the national and local governments.

We also generate a limited quantity of waste water and gas in our modern building materials segment. Under *PRC Water Pollution Prevention Law* (中華人民共和國水污染防治法), an enterprise that directly or indirectly discharges liquid pollutants must register with relevant environmental authorities the name of the pollutant discharging facilities, the related pollution treatment equipment and the type, quantity and density of the discharged pollutants. Under the law, the enterprises are required to pay pollutant discharge fees in accordance with the relevant regulations and, for enterprises which generate pollutants in excess of the permissible discharge limits, a higher fee will be levied and rectification measures may be required.

We aim to develop our business without compromising environmental protection. We have obtained governmental certificates regarding our compliance with the environmental laws and regulations for our major production plants. We have not been punished or reprimanded for materially violating environmental laws or regulations during the Track Record Period. Our production plants have adopted measures to control different emissions into the atmosphere and met the national industry standards, and where applicable, the higher standards in Beijing.

Before establishing a new production facility, we try to minimise the environmental impact through design. Prior to construction, each of our production plants is evaluated for its environmental impact and approved by local environmental agencies. When commissioned, each facility is tested and approved, and is subject to continuous government monitoring thereafter. We also carry out research and development on new technology to reduce the impact of our facilities on the environment. For example, we developed the technology to dispose of waste while producing cement.

Our senior management participated in formulating and promulgating an environmental protection policy, under which we require each of our subsidiaries to establish a environmental protection group or department. These groups or departments are charged with issues relating to environmental protection and regulatory compliance, including monitoring the emission level of waste and pollutants, operating environmental protection facilities, monitoring government policy changes and liaising with local government agencies. Our subsidiaries have to make commitments on emission reduction, environmental protection management and other issues related to environmental protection, the results of which are assessed by the management when evaluating the overall performance of each subsidiary. In addition, we have an energy and environmental protection department in our headquarters responsible for liaising with environmental compliance officers at our production plants and reviewing environmental-related reports. The manager of that department simultaneously serves on the Task Force on Industrial Energy Conservation and Environmental Protection under the China Enterprise Confederation and China Enterprise Directors Association.

We have also promulgated a corporate plan to address potential environmental risks. Pursuant to the plan, we established a response group consisting of certain senior managers and staff from various departments to be in charge of dealing with environmental pollution accidents. Whenever a pollution accident occurs, the relevant subsidiary is required to formulate a specific plan to deal with the accidents and report to the group. The response group will then coordinate with the relevant subsidiary and government authorities to solve any problems.

Except as otherwise disclosed in "*Risk Factors — Risks Relating to Our Cement Business — We may be liable for potential environmental liabilities of Dingxin Cement*" and "*Risk Factors — Risks Relating to Our Property Development Business — We may fail to obtain, or may experience material delays in obtaining, necessary government approvals for our property development projects,*" and in "*— Property Development Segment — Description of our projects,*" and "*— Legal* *and Regulatory Matters — Regulatory matters — Environmental approvals*", and based on the *Letter on the Environment Protection of BBMG Corporation Applying for Listing* issued by the Ministry of Environmental Protection on 18 August 2008 and the confirmation letters from relevant local environment protection bureau, our PRC legal adviser and our Directors are of the view that the Group has complied with the applicable environment protection laws and regulations in all material aspects. We believe that our environmental protection systems and facilities are adequate to comply with applicable PRC national and local environmental protection regulations. However, the PRC Government may impose additional, stricter regulations which would require additional expenditure on compliance with environmental regulations. See "*Risk Factors — Risks Relating to Our General Operations — Potential liability for non-compliance with environmental laws and regulations could result in substantial costs*".

INTELLECTUAL PROPERTY RIGHTS

We held, and jointly held with independent third parties, 33 PRC patents and were licensed to use three PRC patents by an employee of Beijing Architectural as at the Latest Practicable Date. The three licensed patents are currently being transferred to us. These patents are important to our business. In the PRC, a granted patent for an invention is valid for 20 years from the date of application and a patent for a utility model or design is valid for 10 years from the date of application. As at the Latest Practicable Date, we owned 94 trademarks and were licensed to use 44 trademarks, all of which were registered in the PRC or Hong Kong. In the PRC, a trademark registration is valid for 10 years from the date of registration. Details of our intellectual properties are set out in "*Appendix VIII — Statutory and General Information — Further information about the Business — Intellectual property*". For further details relating to the trademarks, Jinyu (金隅) and BBMG, see "*Connected Transactions — Exempted Continuing Connected Transactions — Trademarks Licence Agreement*".

A real estate agency named Wanjia is using "金隅" as part of its company name (which is a trademark we are licensed to use by our Parent). To the best of our knowledge, Wanjia is an independent third party, and we have no control or influence over Wanjia or its operations. Even though we are not engaged in real estate brokerage business at the moment and have no plan to do so in the near future, the use of our corporate name 金隅 by Wanjia may cause confusion to the public regarding its relation with us. Consequently, any inappropriate or unlawful conduct and operations that Wanjia may be engaged in and any disputes that Wanjia may have with other parties may directly or indirectly harm our reputation.

Neither our Company nor our Parent, however, has taken any legal action against Wanjia on this issue. As corporate names and trademarks are governed by separate legal regimes, we may not be able to claim against Wanjia for infringement of our trademark because "金隅" forms part of a corporate name "金隅嘉業" licenced to us by our Parent. Our Parent is in the process of applying for the certification of "金隅嘉業" as a well known trademark in the PRC. Upon recognition of "金隅嘉業" as a well known trademark, our Directors believe that we may be able to make a claim against Wanjia. For further details on the relevant risks, see "*Risk Factors — Risks Relating to Our General Operations — We rely on our trade names, licence marks and trademarks, and any infringement or inappropriate use of them may be detrimental to our reputation and profitability*".

LEGAL AND REGULATORY MATTERS

Save for as discussed below and the defects of the title documents in respect of the properties as disclosed in "*Business — Land and Buildings*," we have not experienced any shut down or delay of our operations during the Track Record Period and we have obtained all material licences, permits or certificates necessary to conduct our major operations from relevant government authorities in the PRC. Save as disclosed below, the Directors confirm that there is no violation by us of the laws or regulations of the PRC in any material respect during the Track Record Period.

Legal proceedings

We have from time to time been involved in legal proceedings or other disputes, such as for overdue payments for our products, outstanding amounts due to us and overdue rent arising out of the ordinary course of our business. As at the Latest Practicable Date, we were involved in a number of lawsuits in which we are the claimant or plaintiff. For cases which are pending hearing stage, we expect that there will not be any counterclaims from the defendants or respondents. As at the Latest Practicable Date, save as disclosed below, we are not involved in any legal or administrative proceedings as a defendant, the outcome of which could have a material adverse effect on our business.

Taihang Huaxin

In December 2006, our subsidiary, Taihang Huaxin, was sued by Tangshan Bosite Industry & Trade Co., Ltd. (唐山博斯特工業貿易有限公司) ("**Bosite**") in the Higher People's Court of Hebei Province for the return of RMB31.8 million as consideration for an equity transfer together with the interest of RMB686,880. The case originated from an equity transfer agreement and its supplemental agreement entered into between Taihang Huaxin, as vendor, and Zhong Sheng Hua Rong Investment Company (中晟華融投資公司) ("**Zhong Sheng**"), as purchaser, in March 2003, respectively. Pursuant to these agreements, Zhong Sheng agreed to acquire 30 million shares, representing 5.56% of the share capital of Hebei Securities Co., Ltd. ("**Hebei Securities**") from Taihang Huaxin for an aggregate consideration of RMB31.8 million. The agreements further stipulated that, if the share transfer could not be completed within 120 days from the date of the agreements, Taihang Huaxin shall manage such shares and rights attached to the shares on behalf of Zhong Sheng. After payment of the consideration of RMB31.8 million by Zhong Sheng, the share transfer was not approved by the relevant PRC authority within 120 days. As such, Taihang Huaxin then managed such shares and rights on behalf of Zhong Sheng.

Zhong Sheng alleged that it entered into a debt assignment with Bosite assigning its right to claim the RMB31.8 million against Taihang Huaxin to Bosite and issued a notice of assignment of debt to Taihang Huaxin in October 2006. In December 2006, Bosite sued Taihang Huaxin for the amount and relevant interest pursuant to the aforesaid debt assignment.

Taihang Huaxin lost the initial court case in December 2007, where the court ordered Taihang Huaxin to return to Bosite the RMB31.8 million, but has appealed to the Supreme People's Court. The PRC legal adviser to Taihang Huaxin in the litigation advised that, if Taihang Huaxin loses this case on appeal, the maximum penalty to Taihang Huaxin would the refund of RMB31.8 million to Bosite, as ordered in the initial court case. In April 2009, Taihang Huaxin entered into an agreement with Handan Hanni Building Materials Co., Ltd. (邯鄲邯泥建材有限公司), pursuant to which Handan Hanni Building Materials Co., Ltd. agrees to assume the potential obligation in connection with this litigation and to pay for or reimburse Taihang Huaxin for any damage resulting from this litigation.

In light of this agreement, we believe that the potential penalty of RMB31.8 million would have no material adverse impact on our operation and financial position. Since the case may be considered by the PRC court together with other cases with similar nature involving Bosite, the PRC legal adviser to Taihang Huaxin in the litigation advised that it is impossible to advise on an expected settlement date for the legal proceedings.

Given that we are the claimant and plaintiff of all the legal proceeding other than the one involving Taihang Huaxin, we expect that none of these legal proceedings, individually or in aggregate, will have any material adverse effect on our financial position or results of operations. In addition, our Parent has agreed to indemnify us against all losses, liabilities and claims arising from the above litigation.

Regulatory matters

Most of our Group's operations are in the PRC. We are required to conduct our business in compliance with PRC laws and regulations. During the Track Record Period, certain material non-compliance incidents, as disclosed below, occurred in our Group.

Construction permits

In 2007, Beijing GEM, our subsidiary, paid an administrative penalty in the amount of approximately RMB5.2 million for commencing construction work without first obtaining a planning permit, which was in violation of Beijing government ordinances. Beijing GEM has settled the administrative penalty in full and obtained the relevant planning permit from the Municipal Planning Committee of Beijing.

In addition, we have not executed the land grant contract or obtained the land use rights certificate for the construction of the commercial space and ancillary facilities of Shuanghui Living District, which are planned to have an aggregate GFA of approximately 12,910.0 sq.m. As a result, the relevant PRC authorities may revoke the relevant construction permits that we have obtained for these units. We are developing these units as ancillary facilities to an economically affordable housing project.

Despite the above, we have obtained project approval from PRC investment authorities and the relevant approval for the construction land for these units. On this basis, our PRC legal adviser is of the view that (i) it is unlikely that PRC authorities will revoke the construction permits that we have obtained for this project and (ii) the fact that we have not executed the land grant contract shall not materially affect the development of this project. We currently expect to execute the relevant land grant contract for the commercial space and ancillary facilities of Shuanghui Living District within 24 months following the Listing Date. For further details and the risks involved, see "*Risk Factors — Risks Relating to Our Property Development Business — We may fail to obtain, or may experience material delays in obtaining, necessary government approvals for our property development projects*" and "*— Property Development — Description of our projects*".

Environmental approvals

During the Track Record Period, Dingxin Cement operated a production line without obtaining the requisite approvals, which was a violation of the PRC environmental protection laws and regulations. For further details, see "*Risk Factors — Risks Relating to Our Cement Business — We may be liable for potential environmental liabilities of Dingxin Cement*". The production line was transferred to Beijing Pinggu, a subsidiary of our Parent, on 30 June 2008. After all the relevant project and environmental assessment approvals for this line had been obtained, we entered into an agreement with Beijing Pinggu in June 2009 for the repurchase of the same production line. For further details, see "*— Cement Segment — Production capacity and volume*".

As at the Latest Practicable Date, Dingxin Cement has not been subject to any penalty in relation to this matter. However, according to PRC law, environmental protection authorities have the right to impose an administrative penalty (including fines or an order to suspend production) within two years after the date when the production line ceased to operate. Our PRC legal adviser advised us that the maximum amount of penalty would be RMB1.0 million. Given the relative insignificance of the penalty amount and the fact that under the assets transfer agreement executed in 2008, Beijing Pinggu will be liable for the fines imposed as a result of not obtaining the approvals prior to the transfer, we believe that the above irregularity should not have any material adverse effect on Dingxin Cement.

In addition, we have not obtained the relevant environmental approvals for the construction of lot number 15 of CBD Central Apartments and building number 5 of Tiantan Kungkuan. Our PRC legal adviser has advised us that relevant PRC authorities may require us to apply for such environmental approvals and may in addition impose on us a penalty up to a maximum amount of RMB400,000 for the non-compliance. As these property development projects do not involve any major environmental pollution matters and we have completed the procedures for inspection and acceptance of completed construction works for these projects, our PRC legal adviser is of the view that the relevant non-compliance will not have material adverse effects on our development and construction of these projects.

Mining rights

Dingxin Cement, our subsidiary, operates three limestone mines. Dingxin Cement was established when Shijiazhuang Jizhong Cement Co., Ltd. (石家莊冀中水泥有限公司) and Dingxin Cement Company Limited (鹿泉鼎鑫水泥有限公司) merged in 2002, and the mining rights for two of the three mines were injected into Dingxin Cement as part of their contribution. The two companies ceased to exist after the merger, but Dingxin Cement did not immediately apply for re-registration of the mining rights in its name. Dingxin Cement became our subsidiary in 2007.

Dingxin Cement became the registered owner of the above two mines in 2008 and 2009, respectively. It obtained the mining right for a third mine in 2008. The balance of the payment for the mining right that we obtained in 2009 is RMB20.7 million, which we are paying according to an instalment plan agreed between Dingxin Cement Company Limited and the local mining authority in 2002. The last instalment payment must be made prior to 15 December 2011.

Under relevant PRC law, if we operate a mine without legally owning the mining right, the limestone extracted from the mine and our gain from the illegal extraction may be confiscated and we may be required to cease our mining operation and pay a maximum penalty in an amount equal to 50% of our gain from the illegal extraction. For 2007 and 2008, we extracted approximately 3.4 million and 3.3 million tonnes of limestone, respectively, from the above two mines injected into Dingxin Cement upon its establishment. As the price of limestone varies from time to time, our Directors' estimate of the potential maximum penalties are approximately RMB91.4 million in total. For further details on this subject, see "*Risk Factors — Risks Relating to Our Cement Business — We may be liable for mining activities undertaken before we obtained the relevant mining rights certificates*".

Xinbeishui's power generating operation

Our cement subsidiary Xinbeishui operated a power plant without obtaining a valid licence from the time when the plant was acquired from Beijing Cement Plant at the end of 2006 until an approval was received on 31 December 2008. The approval is valid until 30 December 2028. We commenced to operate the plant before we obtained the requisite power generation licence, which was in violation of the relevant PRC law.

According to our PRC legal advisers, we may be subject to penalties or administrative sanctions for having generated power without a licence during that period. Proceeds from our operation of the power plant during that period may be forfeited, or a fine of not more than five times the amount of illegal proceeds, if any, may be imposed. We believe we are not subject to such forfeiture or fine because during that period, all of the power generated by the plant was consumed internally. For further details, see "*Risk Factors — Risks Relating to Our Cement Business — Xinbeishui operated a power plant without a valid licence from the time of its acquisition at the end of 2006 until 31 December 2008 and may consequently be subject to a fine*".

Tax payments

During the Track Record Period, we have incurred and paid an insignificant amount of surcharges and penalties on late tax payment due to delay in filing tax returns and accounting miscalculation. We have paid in full the surcharges and penalties to the relevant local tax authorities. We plan to further improve our internal control on tax monitoring system to prevent the occurrence of similar incidents in the future.

Our Controlling Shareholder has agreed to indemnify us against any losses, liabilities or expenses as a result of the non-compliance or any potential legal, regulatory or administrative proceedings mentioned in this section.

Internal control

In light of the non-compliance matters disclosed above, we have undertaken several steps to strengthen our internal control and undertake to fully comply with our revised internal control procedures. We have organised staff training sessions for our staff to raise awareness on the importance of internal legal compliance and risk management. These training sessions also cover legal developments within the industry, in the PRC Company Law and in relevant industry regulations. Furthermore, the Group has revised its internal control procedures, including specific approval and management procedures for new projects. The procedures explicitly provide that the Group's property developing department is responsible for monitoring and maintaining a central database of land use right and building ownership certificates for all of our subsidiaries. The procedures also require that new projects receive all government approvals (such as environmental permits, project approvals and planning permits for land for construction) before being accounted for as fixed assets in the financial accounts. We further undertake that we shall obtain all the required permits, approvals and licenses before commencement of any construction of projects. We updated our Employee Code of Business Ethics to highlight the need for compliance with company policies and relevant laws, including the legal requirement for retaining documents on business transactions. In addition, we are reviewing our policies and procedures on risk management to strengthen our executive managers' understanding of the Group's compliance, strategic, operational, financial and other business-related risks, to align risk management functions and activities and resolve overlaps and gaps and to identify plans to manage, accept or capitalise on these risks. We plan to engage an advisory firm after the Listing to assist us in improving our current internal control and risk management system. We have also appointed an internal disciplinary officer within the internal audit department to deal with compliance issues and established an Audit Committee to address all non-compliance issues.

In addition, we have implemented detailed procedures for routine review of our accounting ledgers. Finance managers of our subsidiaries are required to review all accounting ledgers against supporting documentation and give approvals before any information is recorded in our accounting system. At the Group level, our finance managers are charged with the duty of reviewing monthly financial statements before they can be finalised. Starting from 2009, our accounting department has been performing high level review on the reasonableness of our accounts on a monthly basis, with a view to detecting and investigating any abnormal items and fluctuations. Separately, since 2008, our group financial department has been required to perform detailed review of and approve the calculation of tax liabilities of our subsidiaries on a quarterly basis, so as to ensure that all tax liabilities are properly accounted for.

INSURANCE

We have purchased insurance policies from multiple insurance companies that cover many of our facilities, including buildings, machinery, equipment and vehicles, against losses and damages of these facilities caused by natural perils.

We also purchase pension insurance, unemployment insurance and medical insurance for our employees according to the relevant PRC laws and regulations. Based on the confirmations made by the social security authorities and as confirmed by us, our PRC legal adviser is of the view that we have paid the social insurance and housing fund contributions as required by the relevant PRC laws and regulations.

Consistent with what we believe to be customary practice in the PRC, apart from mandatory insurance and our hotel operation, we normally do not carry any third party liability insurance to cover claims in respect of personal injury or property or environmental damage arising from accidents on our property or those relating to our operations. Nor do we carry any business interruption insurance or key man life insurance on our employees. These types of insurance are not mandatory according to the laws and regulations of the PRC, and we believe they are either unavailable in the PRC or could impose a large cost on our operations. For further details on insurance coverage, see "*Risk Factors — Risks Relating to Our General Operations — We do not have insurance to cover all potential losses and claims*"

LAND AND BUILDINGS

Land (excluding land for property development)

Owned land

As at the Latest Practicable Date, we owned, held or occupied 116 parcels of land with a total site area of 6,175,090.0 sq.m. According to our PRC legal adviser, we have proper land use right certificates to all land for our use and occupation except as to nine parcels of land with a total site area of 81,689.2 sq.m. For further details of these nine parcels of land, see the properties numbered 13, 14, 40, 41, 44-47 and 54 in "*Appendix IV — Property Valuation*". With respect to the above nine parcels of land, our PRC legal adviser confirms that there is no legal impediment for us to obtain the land use rights certificates for two parcels of land but they were unable to opine the same on the remaining seven parcels because (i) no land grant contract has been signed and no land premium has been paid for three parcels of allocated land with a total site area of 57,083.5 sq.m., and (ii) complete documentation was unavailable for the other four parcels of land with a total site area of 1,151.5 sq.m. For the relevant risks involved in these title defects, see "*Risk Factors — Risks Relating to Our General Operations — We do not have proper title to some of the properties we use and occupy for our operations, and our rights to some of our properties may be restricted*".

In respect of the above mentioned site area of 81,689.2 sq.m. for which we have no proper land use rights:

- we have completed the application process on our part by filing all required documents and received an acknowledgment of receipt from the relevant PRC authority for four parcels of land with a total site area of 75,872.9 sq.m. We cannot currently estimate the timing for obtaining these land use rights certificates. The estimated costs for obtaining the relevant land use rights certificates are approximately RMB5.2 million, being the outstanding land premium payable for converting the allocated land into granted land, where applicable;

- we have asked the relevant property developer, an independent third party, to apply for and obtain valid land use rights certificate for us for one parcel of land with a site area of approximately 364.3 sq.m., but it is beyond our control as to the timing for obtaining the land use rights certificate; and

- we will not apply for the land use rights certificates for four parcels of land with a total site area of 5,452.1 sq.m. due to procedural impossibility under PRC law, as we understood that (i) one parcel has been planned by the PRC Government as land for road construction, (ii) the property developer responsible for applying for the land use right certificate for one parcel cannot be located, and (iii) the documentation required to apply for the land use right certificates for the remaining two parcels are not complete. We currently use these four parcels of land for office purposes.

Based upon all land grant contracts executed by us and the *Notice on Relevant Issues of Title Registration of Land in connection with Listing of BBMG Corporation* (關於北京金隅股份有限公司上市涉及土地確權登記工作有關問題的通知) issued by Beijing Municipal Administration of State Land and Resources (北京市國土資源局) on 21 March 2008, we are allowed to pay 20.0% of the land premium in advance of the issue of the land use right certificates for 89 parcels of land and settle the balance within one month after the Listing. Prior to the full settlement of the land premium, we are not allowed to assign, mortgage or otherwise dispose of the relevant parcels of land. As at the Latest Practicable Date, the total amount of such land premium payable by us within one month after the Listing is approximately RMB324.2 million.

In addition, although we entered into an agreement on 25 February 2009 to transfer to our Parent the land occupied by the BBMG Landao Building and although our Parent has, from 29 June 2009, assumed all the rights and obligations related to the land, we still own the legal title to that land as the land use rights certificate has not yet been revised to reflect the name of our Parent. This land will be officially transferred to our Parent upon the completion of the required title transfer procedures. The land is currently used for commercial purposes, which is inconsistent with the authorised use stated on the relevant land use rights certificate. As a consequence, the Government may reclaim the land or impose a penalty on us. For details of the risks related to this land, see "*Risk Factors — Risks Relating to Our Property Investment and Management Business — The land occupied by BBMG Landao Building and BBMG Fengshan Resort may be reclaimed by the Government, as our current use of the land is inconsistent with the authorised use*".

Leased land

We currently lease from the Parent Group three parcels of land (with a total site area of 743,064.5 sq.m.) pursuant to four land use rights leases. The land use rights for these plots were granted to the Parent Group by way of authorisation or allocation. The land is used by us for production purposes and the land use rights leases were signed but not registered. The PRC authorities have temporarily withheld our application due to insufficient registration guidelines in the current land regulatory regime. Our PRC legal adviser is of the view that our current use and occupation of the leased land is not materially affected by the failure to register the leases. Apart from the lease related to BBMG Fengshan Resort as set out below, we are protected under the land use rights leases, which are legally valid and binding on parties thereto.

BBMG Fengshan Resort leased one parcel of land with a total site area of 181,180.0 sq.m. Under the relevant land use rights certificate, the land is only authorised to be used for industrial purposes. The land, however, is currently used for commercial purposes by our BBMG Fengshan Resort. Our PRC legal adviser is of the view that our current use of the land is not in compliance with relevant laws and regulations and the PRC authorities may invalidate the land use rights lease entered into between our Parent and BBMG Fengshan Resort and require our Parent or BBMG Fengshan Resort to cease the current use and reclaim the land. In addition, a fine ranging from approximately RMB1.8 million to RMB5.4 million may be imposed. Alternatively, at the discretion of the relevant PRC authority, our Parent may be required to apply for a change in the authorised use of such land and pay the supplementary land premium. The current use of the land will not be fully protected under the land use rights lease until and when the change is approved by the authorities. The change of the use of the land is subject to adjustments to the integrated regional planning of Changping District, Beijing by relevant government authorities. We currently estimate that the authorised use of the land for BBMG Fengshan Resort will be amended to conform to our current use within five years following the Listing Date. Our Parent has agreed to indemnify us against any fines imposed by the PRC Government and against any losses caused by the PRC Government's decision to reclaim the relevant land. For further details on risks involved in this property and more information, see "*Risk Factors — Risks Relating to Our Property Investment and Management Business — The land occupied by BBMG Landao Building and BBMG Fengshan Resort may be reclaimed by the*

Government, as our current use of the land is inconsistent with the authorised use", "— Property Investment and Management Segment — Resort and hotel properties" and the property numbered 95 in *"Appendix IV — Property Valuation"*.

Effect on our Group's operations

Among the nine parcels of owned land with a total site area of 81,689.2 sq.m. for which we have not obtained proper land use rights, two parcels of land with an aggregate site area of 50,850.3 sq.m., representing only approximately 0.8% of the aggregate site area of the land we owned, held or occupied as at the Latest Practicable Date, are used for production purposes, while the remaining seven parcels are used as warehouses and offices. Given that this portion of land is insignificant, our Directors consider that the absence of the right to use and occupy these parcels of land is not crucial to, and will not have a material adverse effect on, our result of operations.

Net profit generated by BBMG Fengshan Resort for the years ended 31 December 2007 and 2008 was approximately RMB4.3 million and RMB8.5 million, respectively, and BBMG Fengshan Resort suffered a loss of approximately RMB0.8 million for the year ended 31 December 2006. Since the operation of this resort is not a core part of our business and the revenue generated from BBMG Fengshan Resort for the year ended 31 December 2008 and the three months ended 31 March 2009 was approximately RMB110.0 million and RMB31.1 million respectively, which only accounted for approximately 1.3% and 1.4%, respectively, of our Group's revenue for the same periods, our Directors are of the view that the defect and the potential penalty in relation to BBMG Fengshan Resort is unlikely to have a material adverse effect on our result of operations.

Buildings (excluding buildings for property development)

Owned buildings

As at the Latest Practicable Date, we owned, held or occupied 924 buildings with a total actual GFA of 1,648,692.8 sq.m. According to our PRC legal adviser, we have proper building ownership certificates to use and occupy all these buildings except for seven buildings, with a total actual GFA of 26,821.4 sq.m., that do not have proper building ownership certificates. For further details on these buildings, see the properties numbered 4, 8, 22, 42 and 45-47 in "*Appendix IV — Property Valuation*".

With respect to the BBMG Fengshan Resort buildings, with a total actual GFA of 69,506.1 sq.m., located on the land authorised for industrial use, our PRC legal adviser is of the view that should the relevant land be reclaimed by PRC authorities, the buildings built thereon may also be reentered, though we may be entitled to a reasonable amount of compensation. Alternatively, at the discretion of relevant PRC authorities, our Parent may be required to apply for a change in the authorised use of the land and pay the supplementary land premium. For further details, see "*— Land and Buildings — Land (excluding land for property development) — Leased land*" above.

With respect to the above seven buildings which do not have proper title, our PRC legal adviser is of the view that there is no legal impediment for us to obtain the building ownership certificates for three buildings with a total GFA of 25,143.7 sq.m. Our PRC legal adviser is, however, unable to opine the same on the remaining four buildings with a total GFA of 1,677.7 sq.m., due to the fact that completed documentation for these buildings is unavailable. In respect of these seven buildings:

- we have filed relevant applications and received acknowledgements of receipt from the relevant PRC authority for three buildings with a total actual GFA of 25,143.7 sq.m., and expect that the relevant building ownership certificates will be issued on or before 30 September 2009. We estimate the relevant costs to be less than RMB5,000 in total for obtaining the building ownership certificates, being the property registration fees, for the buildings above;

- we have requested the responsible property developer to apply for the building ownership certificate for one building with a GFA of 364.3 sq.m. on our behalf; and

- we will not apply for building ownership certificates for three buildings with a total actual GFA of 1,313.5 sq.m. due to procedural impossibility under PRC law, as one building is to be demolished and the documentation required for applying for the building ownership certificates for the remaining two buildings is not complete. For further details, see "*Risk Factors — Risks Relating to Our General Operations — We do not have proper title to some of the properties we use and occupy for our operations, and our rights to some of our properties may be restricted*".

Leased buildings

As at the Latest Practicable Date, we leased 14 buildings or units with a total actual GFA of 20,202.1 sq.m. Tenancy agreements have been signed for each leased building, but these agreements have not been registered with the relevant PRC authority. Registration of tenancy agreements should be carried out by both landlord and tenant, and we are not in a position to force or carry out registration ourselves and therefore cannot anticipate the time frame for completing the registration. Our PRC legal adviser is of the view that the tenancy agreements are legally valid and binding on parties thereto, and failure of registration does not affect the validity of these tenancy agreements. The PRC Government and the landlords have no right to evict us from the buildings, and the failure to register the tenancy agreement would not result in any material adverse effect or penalty on us. However, our PRC legal adviser is of the view that we may have no right against *bona fide* third parties in court without properly registering the tenancy agreements.

Of the 14 leased buildings, the landlords of five buildings with a total actual GFA of 1,158 sq.m. have not obtained building ownership certificates. Our PRC legal adviser is of the view that, for these leased buildings without building ownership certificates, our existing use and occupation is not protected by law and we may be requested to cease the use of these buildings. For further details on these leased buildings without building ownership certificates, see the properties numbered 128, 130, 131, 133 and 134 in "*Appendix IV— Property Valuation*".

Effect on our Group's operations

Among the buildings for which we do not have proper building ownership certificates or which may be reentered after the reclamation of the relevant land, a total actual GFA of approximately 25,143.7 sq.m. (representing approximately 1.5% of the total actual GFA of the buildings we owned as at the Latest Practicable Date) is for production use, with the remaining portion either vacant or used by us as offices and warehouses. None of the five leased buildings which we have no right to use and occupy is used for production purposes. We do not currently have plans to relocate Fengshan Resort, should the relevant PRC authorities reclaim the land or subsequently reenter the buildings. The estimated total relocation expenses with respect to the buildings with production activities are approximately RMB0.7 million, representing approximately 0.007% of our revenue for the year ended 31 December 2008.

Given that the GFA and the potential relocation expense involved are insignificant, our Directors do not consider that the defects in relation to these buildings have material adverse effect on our result of operations.

Land and buildings for property development

Land

As at the Latest Practicable Date, we had proper title to all the land that we held for property development purpose, except that we have not obtained the land use rights certificates with respect to: (i) a site area occupied by the commercial space and ancillary facilities of Shuanghui Living District with a total GFA of 12,910 sq.m., which is under development and (ii) a site area of approximately 8,690.4 sq.m. of Building No. 2-5 of Baohua Home, which is held for future development. In addition, although we have received the land use rights certificates, we are obliged to pay approximately RMB5.8 million as additional land premium for Jinyu Lijingyuan in order to amend the authorised use of the land occupied by this property and to allow the sale of our underground parking spaces. Our PRC legal adviser is of the view that there will be no material legal impediment for us to amend the relevant land usage after we pay the additional land premium.

Buildings

As at the Latest Practicable Date, we had proper title to all buildings involved in our completed property development projects, except that the building ownership certificates for a total saleable GFA of approximately 94,944.1 sq.m. of five of our completed projects have not been obtained. For details of these properties, see the properties numbered 61, 69 and 71-73 in "*Appendix IV — Property Valuation*".

With respect to the units for which we have not currently obtained proper building ownership certificates, we have pre-sold approximately 16,634.1 sq.m. of GFA as at 31 May 2009. Our PRC legal adviser is of the view that our pre-sale of these properties complies with relevant PRC laws and regulations. According to the relevant pre-sale contracts, we are obliged to obtain the relevant building ownership certificates between 31 July 2009 and 30 October 2010. We expect to be able to obtain these certificates on or before the dates specified in the relevant pre-sale contracts, and our PRC legal adviser is of the view that there is no legal impediment for us to obtain these building ownership certificates. For a description of some of the risks relating to these building ownership certificates, see "*Risk Factors — Risks Relating to Our Property Development Business — We may not be able to obtain land use rights certificates or building ownership certificates with respect to certain land or unsold units in which we currently have interests in our property development operations*".

Effects on the Group's operation

Land

In relation to the defects in land title as described above, Shuanghui Living District is an economically affordable housing project which requires no land use rights certificate, except for the land occupied by its commercial space and ancillary facilities. As we have obtained the required approval from PRC investment authorities and the relevant approval for the construction land for these units, our PRC legal adviser is of the view that the lack of land use rights certificate for the land occupied by these units will not materially affect the construction of the project as a whole, and it is unlikely that the PRC authorities will revoke the relevant construction permits that we have obtained for these units.

The PRC authorities have not determined the amount of land premium for the land occupied by the these units of Shuanghui Living District. We currently expect to execute the relevant land grant contract for these units within 24 months following the Listing Date.

Given that the commercial space and ancillary facilities constitute only a part of the economically affordable housing project and based on our PRC legal adviser's view above, the Directors believe that the failure to obtain the land use rights certificates for this portion of land will not have a material adverse effect on our results of operation.

In relation to Building No. 2-5 of Baohua Home, we have paid the relevant land premium in full for the land occupied by these properties, and our PRC legal adviser is of the view that there is no legal impediment for us to obtain the relevant land use rights certificate. As the demolition and relocation work currently conducted on the relevant land has not yet been completed, we have not filed the application for the land use rights certificate and are therefore unable to ascertain the timing for obtaining the certificate.

Buildings

In relation to the defects in building title as described above, we are in the process of applying for certain building ownership certificates. It is currently expected that all of the building ownership certificates will be obtained by the end of December 2009 at an estimated cost of approximately RMB0.2 million as property registration fees. Our PRC legal adviser is of the view that there is no legal impediment for us to obtain the relevant building ownership certificates.

Views of our Directors and internal control

Based upon our analysis of the relevant effects on our Group's operation as discussed above, our Directors are of the view that the absence of title documents and lease registrations will not have a material adverse effect on our Group's business. In order to prevent the occurrence of similar incidents in the future, we have revised our internal control procedures, including specific approval and management procedures for new projects. Under these revised procedures, our property developing department is responsible for monitoring and maintaining a central database for land use rights and building ownership certificates. The revised procedures also require that new projects receive all government approvals before being accounted for as fixed assets in our financial and accounting records.

Indemnity from Parent

On 9 July 2009, our Parent entered into a deed of indemnity with and in favour of our Company, pursuant to which our Parent agreed with and undertook to our Company, subject to the terms of the deed, to indemnify our Company and at all times keep it indemnified on demand from and against, among other things, all actions, claims, losses, payments, charges, settlement payments, costs, penalties, damages or expenses that any member of our Group may incur or suffer as referred to in the deed, including but not limited to any issues arising from defective land use rights certificates or defective building ownership certificates for any of the properties owned or leased by our Group and any issues arising from the failure to register leases for any properties leased by our Group. For further details related to this indemnity, see "*Appendix VIII — Statutory and General Information — Other Information — Indemnities*".

Valuation

Savills Property Services, an independent real estate valuation company, valued the capital value of our property interests at approximately RMB23,025 million and the capital value of property interests attributable to us at approximately RMB22,132 million as at 31 May 2009. The letter, summary of values and the valuation certificate issued by Savills Professional Services in connection with its valuation are set out in Appendix IV to this prospectus.

OVERVIEW

Our Company was established as a joint stock limited company on 22 December 2005. Our Parent, a wholly State-owned enterprise, owned approximately 65.73% of our issued share capital immediately prior to the Global Offering. Immediately after the Global Offering, our Parent will directly own approximately 47.28% of our issued share capital (or approximately 45.27% if the Over-allotment Option is exercised in full) and will continue to be our Controlling Shareholder.

The Reorganisation was primarily aimed and implemented to provide a clear delineation between us and the Parent Group. Pursuant to the Reorganisation, our Parent's core businesses and assets relating to cement, modern building materials, property investment and management and property development were injected into our Group. During the Reorganisation, our Parent retained equity interests in some of the entities. The details of those businesses and assets that were retained by our Parent as part of the Reorganisation are described in "*— Competition — Our Parent's Retained Businesses*". For further details regarding the Reorganisation, see "*History, Reorganisation and Group Structure*".

We have also entered into a number of agreements with the Parent Group and other connected persons of the Company (as defined under the Listing Rules). For further details on these agreements, see "*Connected Transactions*".

COMPETITION

Our Parent's Retained Businesses

After the Reorganisation, the Parent Group's retained businesses included schools, social security projects, consultancy services, staff training and the holding of equity interests in Badaling Travel, Jinhaiyan Glass Wool, Beijing Yanshan, Beijing Pinggu and some non-operating enterprises (the "**Retained Businesses**"). Our Parent also owned two subsidiaries, namely Beijing Xinshan Mineral Industry Co., Ltd. (北京鑫山礦業有限責任公司) and Beijing Xinyuan Mineral Industry Co., Ltd. (北京新元礦業有限責任公司), which used to produce limestone but ceased operations in September 2007 and July 2008, respectively. Save as disclosed below, there is no other business of the Parent Group that will, or is likely to, compete with us.

Non-operating enterprises

As at the Latest Practicable Date, the Parent Group owned equity interest at a level of 30% or above in a number of non-operating enterprises. These non-operating enterprises are State-owned enterprises originally established for certain purposes or projects. As the original purposes for establishment have been accomplished, these enterprises are no longer engaged in any substantial operations or have ceased their operation. However, for social security reason, the PRC Government did not wind up these enterprises. Instead, the PRC Government allowed most of them to engage in business activities focusing on providing social benefits to their employees, including renting out properties to derive income and providing property management services for the quarters of their employees. Despite the fact that these non-operating enterprises are providing property management services, the scope of operation and target customers (i.e., mainly their employees) are different from that of ours. Thus, our Directors do not believe that these non-operating enterprises are in competition with our Group.

Badaling Travel

As at the Latest Practicable Date, the Parent Group owned 100.0% of the equity interest of Badaling Travel. Badaling Travel was incorporated in 1997 and is principally engaged in the tourism industry. Badaling Travel mainly operates the Badaling Hot Spring Resort (八達嶺溫泉度假村).

The board of directors of Badaling Travel is currently comprised of Chen Baojun (陳寶君), Yang Zhichang (楊治昌), Liu Fenghai (劉鳳海), Wang Huaibin (王懷斌) and Wang Shungang (王順剛), all of whom were appointed by the Parent Group. None of the directors of Badaling Travel hold any of our management positions and there is no overlap of directors and senior management between Badaling Travel and us.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, Badaling Travel recorded a revenue of approximately RMB16.5 million, RMB4.9 million, RMB31.0 million and RMB10.7 million, respectively, and had a loss of approximately RMB24.9 million and RMB1.8 million, a profit of approximately RMB0.03 million and a loss of approximately RMB5.5 million, respectively.

Under a share transfer agreement dated 9 February 2007, our Parent acquired from Beijing Enterprises (Tourism) Limited (北京企業(旅遊)有限公司) ("**Beijing Tourism**") 75.0% of the equity interest of Badaling Travel. This interest was, in turn, pledged to Beijing Tourism as a security for the acquisition's consideration. Pursuant to that share transfer agreement, this consideration is to be settled in eight installments, with the last installment to be paid on or before the end of February 2015. The share pledge to Beijing Tourism will automatically be discharged upon our Parent's full payment of the consideration. Our Parent is not allowed to transfer the pledged equity interest unless it receives written consent from Beijing Tourism. Owing to the restriction on transfer, Badaling Travel was not included in our Group. If we consider that it would be of benefit to our Shareholders as a whole, we may acquire Badaling Travel upon the lapse of the transfer restriction or with the written consent from Beijing Tourism.

Although the principal business of some of our subsidiaries, namely BBMG Fengshan Resort, Inner Mongolia BBMG Daihai Resort Co., Ltd. (內蒙古金隅岱海旅游度假有限責任公司), Beijing Jianyuan Hotel and Beijing Dajiangnan International Hotel Management Co., Ltd. (北京大江南國際酒店管理有限責任公司), is the provision of hotel and resort services, these subsidiaries accounted for approximately 1.5% and 0.6% of our revenue and profit, respectively, for the year ended 31 December 2008 and approximately 1.7% and 1.1% of our revenue and profit, respectively, for the three months ended 31 March 2009. Given that hotel and resort operation is not our core business, and Badaling Travel only operates Badaling Hot Spring Resort (八達嶺溫泉度假村) which is geographically distant from our major resort in Beijing (Fengshan Resort), our Directors do not believe that the operation of Badaling Travel is in competition with our Group.

Jinhaiyan Glass Wool

As at the Latest Practicable Date, the Parent Group owned 100.0% of the equity interest of Jinhaiyan Glass Wool. Jinhaiyan Glass Wool was incorporated in 1995 and was principally engaged in the production of glass wool before it ceased production in June 2009. Jinhaiyan Glass Wool has only one executive director, Fu Shoujiang (付守江), who was appointed by the Parent Group. Fu Shoujiang (付守江) does not hold any of our management positions and there is no overlap of director and senior management between us and Jinhaiyan Glass Wool.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, Jinhaiyan Glass Wool recorded a revenue of RMB25.2 million, RMB44.2 million, RMB36.7 million and RMB8.0 million, respectively, and had a loss of RMB7.2 million, a profit of RMB0.2 million, RMB0.04 million and RMB0.01 million, respectively.

Our Directors are of the view that there is no competition between Jinhaiyan Glass Wool and our Group as Jinhaiyan Glass Wool had ceased production.

Beijing Yanshan

As at the Latest Practicable Date, the Parent Group owned 100.0% of the equity interest of Beijing Yanshan. Beijing Yanshan was incorporated in 1959 and was principally engaged in production of cement before its ceased production in July 2008. Beijing Yanshan has only one executive Director, namely Ding Zhongqin (丁重勤), who was appointed by the Parent Group. Ding Zhongqin (丁重勤) does not hold any of our management positions and there is no overlap of directors and senior management between us and Beijing Yanshan.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, Beijing Yanshan recorded a revenue of approximately RMB129.9 million, RMB118.9 million, RMB57.8 million and RMB2.4 million, respectively, and made a profit of approximately RMB5.9 million and RMB0.02 million for the two years ended 31 December 2007, and had a loss of approximately RMB15.0 million and RMB4.0 million for the year ended 31 December 2008 and the three months ended 31 March 2009, respectively. Before it ceased production in July 2008, the average annual production volume of cement by Beijing Yanshan was about 500,000 tonnes. All of its cement inventory was sold out by December 2008.

Our Directors are of the view that there is no competition between Beijing Yanshan and our Group as Beijing Yanshan had ceased production.

Beijing Pinggu

As at the Latest Practicable Date, the Parent Group owned 100.0% of the equity interest of Beijing Pinggu. Beijing Pinggu was incorporated in 1988 and is principally engaged in the production of cement. Beijing Pinggu has only one executive director and manager, namely Zhang Xiaoping (張小平), who was appointed by the Parent Group. Zhang Xiaoping (張小平) does not hold any of our management positions and there is no overlap of directors and senior management between us and Beijing Pinggu.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, Beijing Pinggu recorded a revenue of approximately RMB138.9 million, RMB203.7 million, RMB182.5 million and RMB32.2 million, respectively, and had a loss of approximately RMB31.6 million, RMB8.9 million, RMB22.4 million and RMB9.6 million, respectively. The average annual production volume of cement by Beijing Pinggu is about 773,585 tonnes. Beijing Pinggu's current production facilities are partially located on leased land. As this land is collectively owned, the Parent Group will only be able to obtain land use rights certificates after the relevant authorities have converted the land to granted land under the current PRC legal regime. In view of these irregularities, we decided that it would not be in our interest as a whole to include Beijing Pinggu in our Group. For further details, see "*History, Reorganisation and Group Structure — The Reorganisation — Transfer of equity interests in enterprises between our Group and our Parent*".

We plan to acquire a cement production line with a daily capacity of 2,000 tonnes of clinker from Beijing Pinggu after the Listing. The production line was previously transferred by Dingxin Cement to Beijing Pinggu, which is not included in our Group, on 30 June 2008 in light of certain irregularities in environmental compliance. Since the relevant environmental compliance defects of such production line were rectified in April 2009, Beijing Pinggu and Dingxin Cement entered into an agreement dated 30 June 2009, pursuant to which Beijing Pinggu agreed to transfer the production line to Dingxin Cement at a consideration based on the appraised value reported by an independent valuer selected by both parties. As at the Latest Practicable Date, the valuation process has not been completed. Depending on the valuation of the production line, the acquisition will, where applicable, be subject to disclosure and approval requirements under the Listing Rules.

Our Board expects to complete the acquisition of Beijing Pinggu from our Parent within two years of the Listing. After the Listing, our Group will, from time to time, review the situation and consider factors such as, among others, compliance with applicable PRC environmental protection requirements and title requirements for lands and properties used by Beijing Pinggu for its production facilities, market conditions, our Company's cement business operations and financial resources to determine if the appropriate time exists for acquiring the interest. The valuation methodology for any acquisition would be based on discounted cash flow and replacement costs methods. The decision for acquiring the interest in Beijing Pinggu will be referred to the independent non-executive Directors for review and our Board shall take the opinion of the independent non-executive Directors into consideration. Upon request, the independent non-executive Directors may engage independent financial adviser for advice on this matter at our cost. The acquisition of Beijing Pinggu will, where applicable, be subject to disclosure and approval requirements under the Listing Rules. The final consideration for acquiring the interest in Beijing Pinggu would be subject to the approval of Beijing SASAC.

Our Parent undertakes to dispose of its entire interest in Beijing Pinggu to independent third parties or dissolve Beijing Pinggu if the acquisition of Beijing Pinggu by our Group could not be completed within two years of the Listing.

Beijing Pinggu Distribution Agreement

By an agreement dated 8 July 2009 entered into among Beijing Pinggu, our Parent and us (the "**Beijing Pinggu Distribution Agreement**"), we have been appointed by Beijing Pinggu as its exclusive distribution agent. Our Directors believe that by virtue of this distribution agreement, potential competition will be minimised.

Pursuant to the Beijing Pinggu Distribution Agreement, Beijing Pinggu agreed (a) to appoint us as its exclusive distribution agent for all of the cement it produces; (b) to sell all of the cement it produces through us; (c) not to sell any cement directly to end users nor to appoint other sales agent unless with our prior written consent; and (d) not to engage in new business and operations. We will be responsible for selling and distributing the cement to the end users (including our Group) on behalf of Beijing Pinggu. Beijing Pinggu will sell to us the cement they produced and we, in turn, will distribute the cement to the end users. For the amount of cement we distributed, we will charge a commission and service fee at a rate not less than the market rate of similar distribution services.

The Beijing Pinggu Distribution Agreement is for a term commencing on the Listing Date and expiring on 31 December 2011, and will be terminated when (a) all interests of Beijing Pinggu have been disposed of to independent third parties or to our Group; (b) we have terminated the Beijing Pinggu

Distribution Agreement by not less than six months' written notice; or (c) a party has served a written notice to the other parties informing them that the Beijing Pinggu Distribution Agreement cannot be performed over 60 days due to force majeure events. For further details, see "*Connected Transactions — Exempted Continuing Connected Transactions — Provision of services*".

Our Parent's interests in land and properties

General interests

As at the Latest Practicable Date, the Parent Group was entitled to use certain collectively owned or allocated land. Save for the leases mentioned below, all such parcels of land were either used by the Parent Group or were abandoned mine areas which were neither for property development nor for property investment purposes. Pursuant to the terms of the Non-Competition Agreement (details of which are set out in "*— Non-Competition Agreement*" below), in the event that the PRC authorities agree to convert any parcels of such allocated land which are abandoned mine areas into granted land and issue relevant land use rights certificates, our Parent has agreed to, at our request, procure issuance of these land use rights certificates in the name of our Company or our subsidiaries. In addition to the leases between the Parent Group and our Group (details of which are set out in "*Connected Transactions — Non-exempted Continuing Connected Transactions — Leasing of properties*"), there is only one company, that our Parent owns equity interests in but is not included in our Group, who has leased certain properties to a third party. The core business of this company is neither property development nor property investment. The lease is only a temporary arrangement for the period when the relevant properties are not used by the Parent Group.

Given that these parcels of land or properties owned or occupied by our Parent are neither property development projects nor investment holdings, and that the leases stated above are only temporary arrangements, the Directors do not believe that our Parent's interests in these land and properties compete with our property development and property investment businesses.

BBMG Landao Building

As at the Latest Practicable Date, pursuant to an asset transfer agreement dated 25 February 2009 entered into among BJ Ceramics, our Company and our Parent, our Parent, with effect from 29 June 2009, agreed to assume the right to occupy and use BBMG Landao Building and the profit generated by BBMG Landao Building, as well as bear all obligations, duties and losses in relation to BBMG Landao Building and the land use rights of the relevant parcel of land from our Group. Although the title transfer procedures in respect of BBMG Landao Building have been completed, the relevant land use rights certificate have not completed. BBMG Landao Building is a department store with an actual GFA of approximately 16,930.15 sq.m. located at No. 1 Anningzhuang East Road, Qinghe, Haidian District, Beijing, PRC. BBMG Landao Building is built on authorisation land and the authorised usage is for industrial purposes.

The parcel of land on which BBMG Landao Building is located was authorised to our Group for use, and BBMG Landao Building was owned by our Group. However, the usage of BBMG Landao Building for commercial purpose is inconsistent with the authorised usage of the land on which BBMG Landao Building is located. In view of this defect, we decided that it would not be in our interest as a whole to include BBMG Landao Building in our Group. Pursuant to the asset transfer agreement dated 25 February 2009, we agreed to transfer 100.0% interests in BBMG Landao

Building together with the parcel of land on which BBMG Landao Building is located to our Parent at a consideration to be determined by reference to the appraised value.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, we received rental income of approximately nil, RMB4.3 million, RMB3.9 million and RMB2.7 million, respectively, in respect of the BBMG Landao Building, representing approximately nil, 0.05%, 0.05% and 0.12% of our Group's revenue for the respective periods.

Despite the fact that BBMG Landao Building is used by our Parent for investment purposes, the target tenants of BBMG Landao Building are retailers operating department store concessions, specifically in the garment industry, and hence are different from ours which are mainly office tenants. Our Directors do not believe that our Parent's interests in BBMG Landao Building is in competition with our property investment business.

Pursuant to the Non-Competition Agreement, in order to minimise any potential competition with our Group, our Parent has granted to us an option to acquire parcels of land and properties owned by the Parent, which includes BBMG Landao Building. Our Group will, from time to time, review the situation and consider factors such as market conditions and whether the defects are rectified in order to determine if it is appropriate to acquire BBMG Landao Building. Any decision to acquire will be made by a majority resolution passed by the independent non-executive Directors. Upon request, the independent non-executive Directors may engage an independent financial adviser for advice on this matter at our cost. The acquisition of BBMG Landao Building will, where applicable, be subject to disclosure and approval requirements under the Listing Rules.

Our Parent's interest in Sinoma

As at the Latest Practicable Date, our Parent owned approximately 1.75% of the shares of Sinoma, one of our Promoters, whose principal business includes the provision of cement equipment manufacturing and engineering services and the production of cement and the securities of which are listed on the Stock Exchange. A director of our Parent, Wang Jianguo, also serves as the supervisor of Sinoma. Save for the above, our Parent does not have other interests in Sinoma.

Upon completion of the Global Offering, Sinoma will own approximately 6.42% of our Shares (assuming the Over-allotment Option is not exercised).

Our Directors believe that our Parent's interests in Sinoma do not and will not compete with our business as the shareholding in Sinoma is not significant.

Extent of competition

As stated above, our Directors believe that the non-operating enterprises, Badaling Travel, Jinhaiyan Glass Wool, Beijing Yanshan and our Parent's interests in land and properties do not and will not compete with our business.

By virtue of the Beijing Pinggu Distribution Agreement, all of the cement produced by Beijing Pinggu is to be sold through us as its exclusive sales agent. Our Directors believe that, as a result of the Beijing Pinggu Distribution Agreement, the extent of potential competition (if any) with Beijing Pinggu has been minimised, if not totally eliminated. Given the reasons stated above, our Directors are of the view that the Beijing Pinggu Distribution Agreement is in the interest and for the benefit of our Shareholders as a whole.

Directors' competing Interests

Save as disclosed below, our Directors have confirmed that they do not hold any interest or directorship in any business which competes, or is likely to compete, either directly or indirectly, with our business:

- Jiang Deyi, our executive Director, also serves as chairman of the board of directors of Taihang Cement;
- Wang Hongjun, our executive Director, also serves as a director of Taihang Cement; and
- Zhou Yuxian, our non-executive Director, also serves as an executive director and the president of Sinoma.

Non-Competition Agreement

We entered into the Non-Competition Agreement with our Parent on 8 July 2009, under which our Parent agreed that it will not, and will procure that its subsidiaries (other than us) and its associate will not, compete with us in our core businesses.

Pursuant to the Non-Competition Agreement, our Parent irrevocably granted us options to acquire our Parent's interest in the Retained Businesses, parcels of land and properties owned by our Parent and certain future new business, which includes any new business, project, product or technology competing, or likely to be in competition with, our core businesses at fair market price by giving written notice to our Parent. Furthermore, in relation to the parcels of allocated land, of which are abandoned mine areas, together with the buildings thereon being occupied by our Parent, in the event that the PRC authorities agree to convert such parcels of allocated land into granted land and issue relevant land use rights certificates and building ownership certificates, our Parent agreed to, at our request, procure the issuance of these land use rights certificates and building ownership certificates in the name of our Company or our subsidiaries. Our Parent also agreed that it will not, and will procure that its subsidiaries (other than us) and its associates will not, use such parcels of allocated land and the buildings thereon in a way that competes directly or indirectly with us in our core businesses. Any decision on whether to exercise the option to acquire the Retained Businesses, the parcels of land and properties owned by our Parent and/or new business opportunity will be made by a majority resolution passed by our independent non-executive Directors. Upon request, the independent non-executive Directors may engage an independent financial adviser for advice on this matter at our costs.

Pursuant to the Non-Competition Agreement,

- our Parent has confirmed that, other than the Retained Businesses, our Parent and its other subsidiaries and associates do not currently engage in, or participate in, businesses that directly or indirectly compete, or are likely to compete, with our core businesses;
- our Parent has undertaken that our Parent will not, directly or indirectly, alone or with other people, in any form, engage in, assist or support a third party in the operation of, or participate in, businesses that compete, or are likely to compete, with our core businesses and will also procure that its subsidiaries and associates not to do so;

- if it is aware of a business opportunity that competes, or may lead to competition, directly or indirectly with our core businesses, our Parent will notify us of such business opportunity immediately upon becoming aware of it and will procure its subsidiaries to do the same. Our Parent will procure that such business opportunity is first offered to us upon terms no less favourable than those offered to it or to any independent third party. Any decision on whether to take up such a business opportunity will be decided by our independent non-executive Directors. If we decide to take up this business opportunity, our Parent undertakes to provide us all reasonable assistance. Our Parent shall only take up this opportunity on terms no more favourable than those it offered to us if we do not reply within 30 days from the receipt of our Parent's notice to us, or such other period as agreed by us and our Parent; and

- in relation to production and sale of cement and concrete business, if Taihang Cement Board Resolutions are no longer effective, our Parent shall procure that such business opportunity be first offered to Taihang Cement pursuant to the Parent Undertakings. In the event that Taihang Cement does not take up such business opportunity, our Parent shall offer such business opportunity to us in accordance with the preceding paragraph above.

For the purpose of the Non-Competition Agreement, "our core businesses" includes business related to cement, modern building materials, property investment and management and property development, and other business conducted by us from time to time.

However, the foregoing restrictions under the Non-Competition Agreement will not apply where our Parent (including its subsidiaries) does not hold more than 5.0% interest of, and does not control the board of directors of, a company which is engaged in a competing business and whose securities are listed on any internationally recognised stock exchange.

The Non-Competition Agreement will be terminated upon the earlier of (i) our Parent ceasing to be a Controlling Shareholder of our Company under the applicable laws and listing rules; or (ii) the H Shares are no longer listed on the Stock Exchange.

We have agreed with our Parent that all new competing businesses which may be entered into by the Parent Group, and which are considered to be material for disclosure by our Directors, will be disclosed by way of announcement. Our Parent will provide annual confirmation on the compliance of the Non-Competition Agreement, which will then be included in our annual reports.

ENTRUSTMENT AGREEMENT IN RESPECT OF TAIHANG HUAXIN

As at the Latest Practicable Date, the registered shareholders of Taihang Huaxin were our Company (as to 33.33%), our Parent (as to 61.67%) and an independent third party, Handan SASAC (as to 5.0%). Taihang Huaxin is a controlling shareholder of Taihang Cement, whose securities are listed on the Shanghai Stock Exchange (holding a 30.0% interest as at 30 June 2009). The principal business of Taihang Cement includes the production and sales of cement and concrete, and Handan area of Hebei Province is the place where Taihang Cement's major operation is located. Taihang Huaxin's approved business scope includes limestone mining, sale of cement products and provision of technical consultancy services. Its principal businesses are operation of a mine and investment holding, which is carried out through holding equity interest in Taihang Cement.

On 22 December 2006, Handan SASAC transferred its 50.84% equity interest in Taihang Huaxin to our Parent for RMB240,334,200, which was determined based on the appraised value of Taihang Huaxin's net assets as at 31 October 2005. On 30 April 2008, China Construction Bank transferred its 11.0% equity interest in Taihang Huaxin to our Parent for RMB50,700,000, which was determined based on arm's length negotiations between the parties. As a result, our Parent held 61.84% of the equity interest in Taihang Huaxin. On 30 April 2008, the registered capital of Taihang Huaxin was reduced from RMB591,020,000 to RMB588,020,000. As a result of such reduction in registered capital, our Parent's interest in Taihang Huaxin was reduced from 61.84% to 61.67%.

Pursuant to the share transfer agreement entered into by our Parent and Handan SASAC dated 16 September 2006 regarding transfer of 50.84% equity interests in Taihang Huaxin, our Parent has agreed not to transfer such 50.84% equity interest in Taihang Huaxin within three years commencing from the completion of the share acquisition, which was 22 December 2006. Therefore, our Parent could not transfer such 50.84% equity interest in Taihang Huaxin to us before the Listing. In addition to the said lock-up period imposed on our Parent, the acquisition of the equity interest of Taihang Huaxin involves prolonged approval procedures, publication requirements under the applicable laws and regulations in the PRC (including the *Listing Rules of the Shanghai Stock Exchange*) and financial resources. Therefore, our Directors intend to acquire the Entrusted Equity Interests within 12 months from the expiry of the lock-up period.

On 26 July 2008, our Parent and our Company entered into the Taihang Huaxin Entrustment Agreement with respect to the entrustment arrangement of the 61.67% equity interest of Taihang Huaxin registered in the name of our Parent (the "**Entrusted Equity Interests**"). Such entrustment arrangement became effective upon our Shareholders' approval on 6 August 2008.

Pursuant to the Taihang Huaxin Entrustment Agreement, our Parent agreed to entrust to us all the rights and benefits (except for the reserved matters below) over and in the Entrusted Equity Interests, including the voting right, the right to nominate directors and the right to receive dividend. During the entrustment period, our Company is entitled to exercise the rights over and in the Entrusted Equity Interests at our discretion. It is not stipulated under the Taihang Huaxin Entrustment Agreement that any benefits (including the dividends received from Taihang Huaxin) shall be repaid to our Parent during the term of the agreement, upon termination of the agreement or upon acquisition of the Entrusted Equity Interests pursuant to the option granted by our Parent to us. Our PRC legal adviser therefore believes that our Company does not need to repay any benefits (including the dividends received from Taihang Huaxin) to our Parent pursuant to the Taihang Huaxin Entrustment Agreement. However, we need to seek prior written authorisation of our Parent and vote as directed by our Parent on the following matters in relation to Taihang Huaxin:

- increase or reduction of registered capital;
- issue of debenture;
- issue of capital to new investor(s); and
- merger, de-merger, change of the corporate nature and liquidation.

Despite the Taihang Huaxin Entrustment Agreement, our Company will not be responsible for the liabilities and losses of Taihang Huaxin nor will our Company provide any guarantee as to the turnover and profit of Taihang Huaxin.

Pursuant to the Taihang Huaxin Entrustment Agreement, we have been granted an option to acquire the Entrusted Equity Interests at any time during the entrustment period on terms and conditions to be determined by our Parent and our Company. Upon exercise of the option, the purchase price of the Entrusted Equity Interests will be based on the lowest price as allowed by competent PRC authorities, including SASAC, calculated by reference to the valuation and market value of the Entrusted Equity Interests. According to the *PRC Law on State-owned Asset of Enterprises* (中華人民共和國企業國有資產法) (which was implemented on 1 May 2009), if a company, in which the State has a controlling stake, transfers material assets, then a valuation of the relevant assets should be carried out in accordance with the relevant regulations. The transfer of State-owned assets should be decided by the bodies performing the contributor's functions (including the State Council, the local governments or its delegated departments or bodies). Our PRC legal adviser is of the view that the Entrusted Equity Interests held by our Parent are State-owned assets. Therefore, in accordance with the above-mentioned rules, the transfer of the Entrusted Equity Interests should be carried out after an asset valuation has been carried out in accordance with the relevant regulations and after obtaining approval from the People's Government of Beijing Municipality or Beijing SASAC.

The Taihang Huaxin Entrustment Agreement will terminate upon the earlier of (a) our acquisition of all or part of the Entrusted Equity Interests, or (b) our exercise of our right to terminate the agreement with at least 10 business days' prior written notice. Upon the expiry of the initial three-year term, commencing 6 August 2008, if we have not acquired any of the Entrusted Equity Interests, the Taihang Huaxin Entrustment Agreement will, subject to compliance with the requirements of the applicable law and regulations (including requirements under the Listing Rules relating to connected transactions), automatically be renewed for a further term of three years unless our Company otherwise notifies our Parent in writing. The terms and conditions of the Taihang Huaxin Entrustment Agreement (including the renewal provision) will continue to bind the parties thereto. Pursuant to the terms of the Taihang Huaxin Entrustment Agreement, our Company may terminate the Taihang Huaxin Entrustment Agreement by giving our Parent 10 business days' prior written notice while our Parent has no right to unilaterally terminate the Taihang Huaxin Entrustment Agreement under its terms. The Taihang Huaxin Entrustment Agreement is intended to be an interim arrangement prior to our acquisition of the equity interests in Taihang Huaxin held by our Parent. Our Company intends to acquire the Entrusted Equity Interests within 12 months from 21 December 2009, the expiry date of the lock-up period imposed on our Parent pursuant to the share transfer agreement entered into by our Parent and Handan SASAC on 16 September 2006 regarding the transfer of 50.84% equity interests in Taihang Huaxin. Our Company will disclose any opinion of the independent non-executive Directors with respect to the exercise of the option to acquire the Entrusted Equity Interests by way of disclosure in our annual reports or interim reports or by way of timely announcements to the public. The acquisition will, where applicable, be subject to disclosure and approval requirements under the Listing Rules. If we decide to renew, terminate or exercise the option to acquire the Entrusted Equity Interests under the Taihang Huaxin Entrustment Agreement, and (i) the percentage ratios (other than profits ratio) calculated by reference to Rule 14.07 of the Listing Rules are more than 2.5% and (ii) the consideration is more than HK$10.0 million, then independent Shareholders' approval will be required under Rule 14A.35 of the Listing

Rules. Upon completion of the acquisition of the Entrusted Equity Interests, we will continue to enjoy all the rights and benefits in the Entrusted Equity Interests and will, in addition, enjoy the rights and benefits of the reserved matters stated in the Taihang Huaxin Entrustment Agreement.

If we terminate the Taihang Huaxin Entrustment Agreement without exercising our option to acquire the Entrusted Equity Interests, the rights and obligations of our Parent and us shall be the same as before the effective date of the Taihang Huaxin Entrustment Agreement. Hence, our Parent shall enjoy and exercise all rights and interests in relation to the Entrusted Equity Interests as provided for in the PRC Company Law and as stated in the articles of association of Taihang Huaxin. In addition, if we terminate the Taihang Huaxin Entrustment Agreement prior to the completion of the Asset Restructuring, as a result of which our Parent will indirectly hold a controlling interest in Taihang Cement, our Parent may need to implement certain additional measures to resolve potential competition between our cement businesses (other than Taihang Cement) and our Parent's controlling interest in Taihang Cement.

Our PRC legal adviser confirmed that, by virtue of the entrustment arrangement under the Taihang Huaxin Entrustment Agreement, our Company controls the rights (including the voting rights) of the Entrusted Equity Interests. We, taking into account the Entrusted Equity Interest and the 33.33% equity interests we own in Taihang Huaxin, control an aggregate of 95.0% equity interests in Taihang Huaxin. As a result, Taihang Huaxin and Taihang Cement will not be our connected persons under the Listing Rules upon the Listing. However, if there is no Taihang Huaxin Entrustment Agreement, Taihang Huaxin and Taihang Cement will be our connected persons under the Listing Rules upon the Listing.

UNDERTAKINGS GIVEN BY OUR PARENT TO TAIHANG CEMENT AND ITS SHAREHOLDERS

Background of the Parent Undertakings

On 22 December 2006 and 30 April 2008, respectively, our Parent acquired from Handan SASAC and China Construction Bank, two independent third parties, an aggregate of 61.84% interests in Taihang Huaxin (the "**Acquisition**"). On 30 April 2008, the registered capital of Taihang Huaxin was reduced from RMB591,020,000 to RMB588,020,000. As a result of such reduction in registered capital, our Parent's interest in Taihang Huaxin decreased from 61.84% to 61.67%. Taihang Huaxin then held a 30.0% interest in Taihang Cement. As a result of the acquisition of Taihang Huaxin, our Parent indirectly became the actual controller of Taihang Cement. In light of the requirements under (i) article 21 of the *PRC Company Law* that a controlling shareholder or the actual controlling entity shall not harm the interest of the company through its connected relations with the company, and (ii) article 27 of *The Guidelines for Corporate Governance of Listed Companies* (上市公司治理準則) issued on 7 January 2002 jointly by the CSRC and the former National Economic and Trade Commission that "a listed company shall maintain its business completely independent from its controlling shareholder; the controlling shareholder and its subordinated entities shall not engage in the same business as or similar to that of the listed company; the controlling shareholder shall take effective measures to avoid competition with the listed company", for the purpose of avoiding the potential competition between our Parent and Taihang Cement and to regulate the connected transactions between them, in 2007, at the request of the CSRC, at the time our Parent acquired the equity interest in Taihang Huaxin (which was recognised as acquiring 30.0% of a PRC-listed company's shares indirectly), our Parent (as the actual controller of Taihang Cement according to the *Listing Rules of Shanghai Stock Exchange* and the *Guidelines on the*

Articles of Associations of Listed Companies (上市公司章程指引) issued by the CSRC) gave Taihang Cement and its shareholders the Parent Undertakings, in essence a non-competition undertaking and a connected transaction undertaking. Pursuant to the non-competition undertaking, our Parent undertakes to Taihang Cement and its shareholders that:

- in order to resolve the issue of competition in the same industry, after completing the Acquisition, our Parent shall, when the conditions are appropriate, undergo asset reorganisation and rearrangement so that all the assets and business that are related to the cement business will be injected into Taihang Cement;

- our Parent shall procure that its subsidiaries, its controlled companies or other companies which it has an actual right to control (excluding Taihang Cement and its subsidiaries) do not, whether directly or indirectly, engage in, participate in or conduct any activities that compete with the production and operation of Taihang Cement in the same market; and

- whenever our Parent has a business opportunity to engage in, participate in or purchase the shares in a business that may compete with the production and operation of Taihang Cement, our Parent shall notify Taihang Cement in writing immediately after it discovers such business opportunity, and first offer such business opportunity to Taihang Cement under the terms and conditions that are not worse than those provided to our Parent and its related persons or any independent third party.

Pursuant to the connected transaction undertakings, our Parent undertakes that:

- in order to resolve the issue of connected transactions arising from the competition in the same industry between our Parent and Taihang Cement, after completing the Acquisition, our Parent shall, when appropriate, by way of asset reorganisation and rearrangement, inject all the assets and business that are related to the cement business to Taihang Cement, so as to make complete the assets and business of Taihang Cement and maintain its independent operation in the Asset Restructuring;

- after the Acquisition and before the Asset Restructuring, the connected transactions between Taihang Cement and our Parent with respect to the sales of cement in Beijing shall be carried out in accordance with the sales agreement entered into by our Parent and Taihang Cement;

- the connected transactions between our Parent and Taihang Cement shall be carried out at market rate; and

- our Parent shall thereafter strictly comply with the requirements of the relevant securities law and regulations and the *Listing Rules of Shanghai Stock Exchange* and shall supervise Taihang Cement to execute the determination procedures for connected transactions and fulfill the disclosure obligation in order to further control, and thus reduce, the amount of connected transactions between our Parent and Taihang Cement on the basis of fair and reasonable pricing of connected transactions.

The Parent Undertakings were described in the listed company acquisition report of Taihang Cement. According to the *Measures on Take-overs of Listed Companies* (上市公司收購管理辦法) issued by the CSRC, which has been in effect since 1 September 2006, before a purchaser acquires more than 30.0% of a PRC-listed company's shares, among other things, the purchaser shall submit a listed company acquisition report to the CSRC and the relevant stock exchange for the proposed acquisition. The acquisition report cannot be published until the CSRC confirms that they have no objection within a specified period of time. To ensure that the acquisition is in compliance with relevant laws and regulations, the CSRC may require the purchaser to amend the terms of the acquisition or provide some undertakings before giving their clearance on the listed company acquisition report. Since the listed company acquisition report of Taihang Cement was published and the CSRC did not raise objection to its publication, our PRC legal adviser is of the view that the Parent Undertakings should be considered by the CSRC as sufficient to address the relevant competition issues as well as the concerns with regard to the connected transactions between our Parent and Taihang Cement.

Our Parent confirmed that it has not breached any of the undertakings under the Parent Undertakings. As the Reorganisation is a re-arrangement of our Parent's current business and assets and the Reorganisation does not lead to a substantive change to the existing businesses and business delineations of Taihang Huaxin and our Company, our PRC legal adviser advised that the Reorganisation does not constitute a breach of the Parent Undertakings by our Parent. Furthermore, our Parent undertakes to indemnify our Group against any loss or liabilities arising from any breach of the Parent Undertakings.

The Parent Undertakings remain valid, effective and enforceable until and unless our Parent is no longer an actual controller of Taihang Cement. Even if we exercise the option to acquire the Entrusted Equity Interests, the Parent Undertakings are still enforceable against our Parent as our Parent is our Controlling Shareholder and thus an actual controller of Taihang Cement.

Impact on our operations and Taihang Cement Board Resolutions

Notwithstanding the fact that the Parent Undertakings bind our Parent and not the Company directly, our PRC legal adviser is of the view that our operations may be affected by Parent Undertakings in the following aspects:

- when we engage in new cement business, including, new set-up or acquisition, but excluding the increase of production capacity of existing enterprises or business co-operation, in the existing or new markets in the future, this new development may lead to our Parent's breach of the Parent Undertakings, unless prior consent from Taihang Cement for our development of new cement business is obtained; and

- as a result of our acquisition of 33.33% equity interest in Taihang Huaxin and the entrustment arrangement under the Taihang Huaxin Entrustment Agreement, our Company may be regarded as holding a controlling shareholding interest in Taihang Cement. According to the relevant PRC laws and regulations, a controller, and its subsidiaries, shall not engage in business competing with the listed issuer. As such, unless we have obtained written consent from Taihang Cement, this may restrict our (including our subsidiaries') development of new cement business opportunities in the existing market or a new market.

On 12 November 2008 pursuant to the Taihang Cement Board Resolutions, the board of directors (including the independent non-executive directors) of Taihang Cement passed resolutions confirming, among other things, the following:

- the establishment of Zanhuang Cement by the Company and potential acquisition of small-scale cement plants in Beijing has been ratified in accordance with the approval by the relevant Beijing authorities;
- before the Asset Restructuring, Taihang Cement will not consider to further expand its cement business in its existing markets (except for Handan, Hebei Province) and new markets; and
- before the Asset Restructuring, if our Parent and we are aware of any new business opportunity that relates to Taihang Cement's core business in its existing markets (except for Handan, Hebei Province) and new markets, we can develop such new opportunity on our own and no prior notification of such new opportunity to Taihang Cement is required.

Taihang Cement issued a public announcement dated 12 November 2008 (the "**Resolutions Announcement**") regarding the Taihang Cement Board Resolutions, and the Resolutions Announcement was published on the website of the Shanghai Stock Exchange on 14 November 2008.

Our PRC legal adviser is of the view that the phrase "before the Asset Restructuring" as stated in the Taihang Cement Board Resolutions and the Resolutions Announcement refers to "before the completion of the Asset Restructuring".

With the Taihang Cement Board Resolutions, which is valid and binding on Taihang Cement according to the opinion of our PRC legal adviser, our Board, based on the advice of our PRC legal adviser, believes that pursuit by our Group of any new business opportunity (except for Handan of Hebei Province) without prior notification to Taihang Cement will not render our Parent in breach of the Parent Undertakings prior to the Asset Restructuring.

Our PRC legal adviser has advised us that the confirmations given pursuant to the Taihang Cement Board Resolutions are not subject to approval by the shareholders or the independent shareholders of Taihang Cement. Our PRC legal adviser has further advised that the confirmations given by Taihang Cement to our Parent pursuant to the Taihang Cement Board Resolutions are valid and binding on Taihang Cement on the basis that (i) there is no express stipulation under the *Listing Rules of the Shanghai Stock Exchange* regulating a listed company (that is, Taihang Cement) on the confirmations in relation to its business development to be given to its controlling shareholder and its subsidiaries, and therefore the approval of the Shanghai Stock Exchange is not required for the confirmations given pursuant to the Taihang Cement Board Resolutions, and (ii) there is no restrictive provisions under other relevant PRC law and the articles of association of Taihang Cement on the passing of the Taihang Cement Board Resolutions. According to the *Regulations on Administrative Licence Implementation Procedures of CSRC (Trial)* (中國證券監督管理委員會行政許可實施程式規定(試行)) and other relevant regulations, the Taihang Cement Board Resolutions do not fall within CSRC administrative licence issues, and therefore, approval of the CSRC is not required. In addition, the Taihang Cement Board Resolutions do not constitute any restrictions on the future and the existing cement business development of Taihang Cement because the Taihang Cement Board Resolutions do not restrict Taihang Cement from pursuing business opportunities in its existing markets and new markets when its own conditions allow such pursuit, and Taihang Cement and us will enter into a distribution agreement or other co-operation agreement incorporating the principles and framework of the Taihang Cement Distribution Agreement in order to avoid and minimise any potential competition in the new market between Taihang Cement and our Group.

Our PRC legal adviser is also of the view that the confirmations given by the board of directors (including the independent board of directors) of Taihang Cement will not violate any applicable PRC law and regulations (including the *Listing Rules of the Shanghai Stock Exchange*) and the articles of association of Taihang Cement. Notwithstanding, our PRC legal adviser is of the view that the board of directors of Taihang Cement can subsequently revoke the confirmations given pursuant to the Taihang Cement Board Resolutions if the board considers the confirmations as inappropriate if the conditions of Taihang Cement change in the future. Furthermore, if the shareholders of Taihang Cement believe their interests are infringed by the Taihang Cement Board Resolutions, they can revoke the confirmations by way of shareholders' resolutions or seeking a court order pursuant to relevant laws and regulations. If the resolutions are revoked, our PRC legal adviser is of the view that we can seek compensation from Taihang Cement for loss of business suffered by our Company as a result of revocation of the confirmations given pursuant to the Taihang Cement Board Resolutions, and the confirmations are effective and binding on Taihang Cement prior to revocation.

Despite the Taihang Cement Board Resolutions, the Parent Undertakings may pose restrictions and risks in the future development of our cement business. For further details regarding potential restrictions and risks that we may have in relation to the Parent Undertakings, see "*Risk Factors — Risks Relating to Our General Operations — Our Parent has given legal undertakings which may be detrimental to us*".

Asset Restructuring

The cement related assets and businesses of our Parent that are subject to Asset Restructuring contain certain defects. Our Parent will attempt to rectify certain land use right defects with respect to the land on which Beijing Pinggu's cement production facilities are located. Beijing Pinggu is a cement business owned by our Parent and is not currently part of our Group. If our Parent rectifies these defects prior to submitting the Asset Restructuring proposal for approval, our Parent intends to transfer Beijing Pinggu to us at fair market value, and we would then transfer Beijing Pinggu to Taihang Cement as part of the Asset Restructuring. If our Parent cannot rectify these defects prior to submitting the Asset Restructuring proposal for approval, our Parent intends to not include Beijing Pinggu in the Asset Restructuring and to either (a) subsequently rectify the land use rights defects no later than two years after our Listing and then sell Beijing Pinggu to Taihang Cement, or (b) sell Beijing Pinggu to one or more independent third parties or (c) dissolve Beijing Pinggu. Our Parent has undertaken to us that, if the acquisition of Beijing Pinggu by our Group cannot be completed within two years of the Listing, it will either transfer its interests in Beijing Pinggu to independent third parties or dissolve Beijing Pinggu. To the best knowledge of our Directors, Beijing Pinggu expected to have these irregularities rectified by May 2011. All of the major cement related assets and businesses of our Parent were injected into us at the time of our establishment and before the acquisition of a 61.84% interest in Taihang Huaxin by our Parent on 22 December 2006 and 20 April 2008, respectively. For the purpose of the Listing, we restructured our cement assets and businesses by disposing of some defective cement assets and businesses to our Parent. This restructuring was carried out with respect to the then existing cement assets and businesses, and no new cement assets and businesses were developed since then (save for those cement business that we could develop before the Asset Restructuring pursuant to the Taihang Cement Board Resolutions). Therefore, there are no defective cement businesses that were injected into us which must otherwise be injected into Taihang Cement according to the Asset Restructuring undertaking.

Our Parent expects that all assets, businesses and personnel in relation to our Group's cement business segment and certain retained businesses of our Parent, including Beijing Pinggu, would likely be subject to the Asset Restructuring. Our Parent will review the situation and consider factors including, among other things, the market situation, our cement business operations, financial resources, valuation of the cement business subject to the Asset Restructuring, whether the defects (including land and title defects) in the relevant cement assets are rectified, growth prospects, earnings potential and competitive advantages in the relevant markets to determine the timing of implementing the Asset Restructuring within the time frame prescribed in the Asset Restructuring Announcement as set out below. Completion of the Asset Restructuring is conditional upon, among other things, approval of Beijing SASAC and other relevant PRC authorities, and compliance with applicable laws and regulations.

Taihang Cement made the Asset Restructuring Announcement, which was published on the website of the Shanghai Stock Exchange on 20 February 2009, regarding the method and the timing of the Asset Restructuring. It is disclosed in the Asset Restructuring Announcement that our Parent intends that, as consideration for transferring all of our cement assets and businesses to Taihang Cement, our Parent will cause us to subscribe for new shares of Taihang Cement in an amount sufficient for Taihang Cement to become our majority owned subsidiary. It is intended that Taihang Cement will be the only platform for operating the cement businesses of our Parent. Our Parent will formulate the Asset Restructuring proposal and apply for approval within 12 months from the date of the Listing, and assuming that all necessary approvals are received, the management of our Parent believes that the Asset Restructuring could be completed within 24 months from the date of the Listing. It is also disclosed in the Asset Restructuring Announcement that our Parent has reported, and Beijing SASAC has agreed in principle to, this arrangement.

Beijing SASAC has agreed in principle to the arrangement stated in the Asset Restructuring Announcement. Thus, if the Asset Restructuring proposal presented to us complies fully with the details set out in the Asset Restructuring Announcement, yet Beijing SASAC does not approve the proposal, our PRC legal adviser is of the view that our Parent will not assume any liabilities for breach of the Parent Undertakings in this situation.

In a written undertaking dated 23 June 2009 addressed to us ("**Parent 2009 Undertaking**"), our Parent confirmed and irrevocably undertook to us that it will not make any Asset Restructuring proposal that would be inconsistent with the Asset Restructuring Announcement, and that any Asset Restructuring proposal it makes in the future will result in Taihang Cement becoming our majority owned subsidiary. Our PRC legal adviser has opined that such undertaking is valid and enforceable against our Parent, giving us the legal right to request our Parent to comply with the undertaking.

The *Measures on Take-overs of Listed Companies* state that unless a waiver is granted by the CSRC, a mandatory general offer obligation will be triggered if a shareholder, who holds 30.0% or more of the voting rights of a company, acquires additional voting rights in such company. If our Company acquires new shares in Taihang Cement as consideration for transferring its cement assets and businesses to Taihang Cement, as is currently contemplated by our Parent's proposal for the Asset Restructuring, a mandatory general offer obligation would be required unless such a waiver is obtained from the CSRC. Our Company will apply to the CSRC for a waiver from conducting the general offer. Our PRC legal adviser is of the view that our Parent will not be in breach of the Parent Undertakings if the Asset Restructuring cannot proceed as a result of the CSRC not granting such waiver. This is due to the fact that the issuance of shares and obtaining of the waiver are inseparable. If the CSRC does not approve the issuance of shares by Taihang Cement and does not grant a waiver to the Company to conduct the general offer, that means the CSRC does not approve the Asset Restructuring proposal by way of subscription for new shares of Taihang Cement, and hence, our Parent will not be considered as breaching the Parent Undertakings. In such circumstances, our Parent may be required to re-formulate the Asset Restructuring proposal and apply for relevant approvals.

Subject to compliance with applicable laws and regulations and the relevant shareholder or board consents being obtained as prescribed under the *PRC Company Law* and the articles of association of our Parent, our Parent will initiate the Asset Restructuring and all assets subject to the Asset Restructuring shall be proposed to be transferred at a fair market value which shall be determined by an independent valuer with special qualification as required under the PRC law. Our Parent will formulate a proposal in relation to the Asset Restructuring after considering all factors mentioned above and assessing the value of the assets subject to the Asset Restructuring. After the proposal is approved by our Parent in accordance with the articles of association of our Parent, our Parent will submit the Asset Restructuring proposal to our Board. Any proposal in relation to the Asset Restructuring will be referred to our strategic committee and independent non-executive Directors for review. Our independent non-executive Directors have a duty to make their decision based on the interests of our Shareholders' as a whole, and our Board will take the opinion of the independent non-executive Directors into consideration. Our Board, in deciding whether to approve or reject the Asset Restructuring, is expected to take into account: (i) the fair market value of all assets subject to the Asset Restructuring as determined by the independent valuer, (ii) the market conditions in the cement industry and the PRC's general economic conditions, (iii) whether the Asset Restructuring would create synergies with our Group, leading to increased competitiveness, increased earning potential and high growth prospects, (iv) whether the Asset Restructuring is in line with our Group's strategies, and (v) whether it would be in the interests of our Company as a whole. Upon request, our independent non-executive Directors may seek the advice of an independent financial adviser on this matter at our cost, in order to avoid any potential conflict of interests and protect the interests of the public shareholders of our Company. The Asset Restructuring proposal will be presented to our Shareholders for review and approval in compliance with the applicable laws and regulations (including the Listing Rules) and subject to disclosure and approval requirements under the Listing Rules (where applicable). Based on the current circumstances and in light of the steps our Parent intends to take as set forth above, our Parent is deemed to have a material interest in the Asset Restructuring proposal and our Parent would be required to abstain from voting at the relevant Shareholders' meeting, pursuant to the relevant Listing Rules. Should the circumstances differ at the time of the actual Shareholders' meeting regarding the Asset Restructuring, our Parent may or may not be deemed to have a material interest in the Asset Restructuring, and will abide by the relevant Listing Rules at that time. In addition to the measure that the Asset Restructuring proposal be referred to our independent non-executive Directors for review, we have adopted other corporate measures with regard to the Asset Restructuring. For further details, see "*— Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Corporate governance relating to Asset Restructuring*". In the event that the Asset Restructuring proposal is not approved at our Shareholders' meeting, then such proposal will not be presented to the shareholders of Taihang Cement.

Our Parent intends to submit the Asset Restructuring proposal to Beijing SASAC for approval after obtaining the approval of our Board. After the Asset Restructuring proposal is approved by Beijing SASAC, the Asset Restructuring proposal shall be presented to our Shareholders for approval and then shall be presented to Taihang Cement by our Company (through Taihang Huaxin). The Asset Restructuring will then be presented for approval at a shareholders' meeting of Taihang Cement. Taihang Cement, as a company listed on the Shanghai Stock Exchange, must comply with all requirements of the *PRC Securities Law* (中華人民共和國証券法), the *Listing Rules of the Shanghai Stock Exchange* and rules of the CSRC.

With the Taihang Huaxin Entrustment Agreement in place, we control an aggregate of 95.0% of the equity interests in Taihang Huaxin. As a result, Taihang Huaxin and Taihang Cement are not connected persons of our Company under the Listing Rules and the Asset Restructuring will not constitute a connected transaction thereunder. Thus, independent shareholders' approval (under Rule 14A.18) is not required for the Asset Restructuring transaction. The transfer of cement assets and businesses to Taihang Cement by us in accordance with the Parent Undertakings and the acquisition of the shares of Taihang Cement as a consideration for the transfer will be subject to Rule 14.24 of the Listing Rules. Under Rule 14.24 of the Listing Rules, the classification of a transaction which involves both an acquisition and a disposal is determined by the larger of the acquisition and disposal, calculated by reference to the percentage ratios (as defined under the Listing Rules) of such acquisition and disposal, respectively.

We will, and will take all reasonable steps with the view to procure our Parent to, comply with Rules 2.15, 14.46 and 14.49 and other applicable requirements under the Listing Rules after the Listing in connection with the Asset Restructuring. Under Rule 14.46 and Rule 14.49 of the Listing Rules, the Stock Exchange has the authority to require any shareholder and its associates to abstain from voting at the relevant shareholders' meeting if such shareholder has a material interest in the transaction being considered. Rule 2.15 of the Listing Rules also requires that any shareholder that has a material interest in a transaction or arrangement must abstain from voting on the resolution approving the transaction or arrangement at the general meetings.

Our PRC legal adviser is of the view that the Asset Restructuring Announcement was issued as a result of information provided by our Parent unilaterally and shall not affect our minority Shareholders' decision when voting for or against the Asset Restructuring. Pursuant to the applicable PRC laws and the relevant provisions in the Articles, our Shareholders (including the minority Shareholders) are entitled to vote independently and free from intervention and restriction with regard to the Asset Restructuring and such right shall not be affected by the Asset Restructuring Announcement.

In relation to voting at our Shareholdings' meeting, our PRC legal adviser is of the view that if our Parent is present and votes against its Asset Restructuring proposal, and the resolution is not passed, our Parent will be in breach of its undertaking in relation to the Asset Restructuring. If our Parent abstains from voting at the relevant Shareholders' meeting, but the resolution is passed or is outvoted by the independent Shareholders, our PRC legal adviser is of the view that our Parent will not be in breach of its undertaking. Notwithstanding, Taihang Cement and/or its shareholders may consider that our Parent has breached its undertaking and claim for compensation against our Parent. For further details, see "*— Potential legal consequences in case of any breach of the Parent Undertakings*".

In relation to voting at the shareholders' meeting of Taihang Cement, as our Company has a *de facto* control of 95.0% equity interest in Taihang Huaxin pursuant to the Taihang Huaxin Entrustment Agreement, Taihang Huaxin, as a shareholder of Taihang Cement, will be required to abstain from voting when the Asset Restructuring is proposed at the shareholders' meeting of Taihang Cement. If the Asset Restructuring proposal is approved at our Shareholders' meeting but disapproved at the shareholders' meeting of Taihang Cement, the cement assets subject to the Asset Restructuring will not be injected into Taihang Cement. Our Parent will not assume any liabilities for breach of the undertaking in relation to the Asset Restructuring, and our Parent's obligations under this undertaking shall be discharged accordingly while the other undertakings of the Parent Undertakings remain effective. Taihang Cement has made, with the consent of the CSRC and the Shanghai Stock Exchange, a disclosure of the proposed Listing of our Company and the Asset Restructuring proposal in accordance with the PRC securities regulations. In the event that the Asset Restructuring proposal is not approved at our Shareholders' meeting, then such proposal will not be presented to the shareholders of Taihang Cement. If the Asset Restructuring is a material assets restructuring under the *Regulation on Material Assets Restructuring of Listed Companies* (上市公司重大資產重組管理辦法) issued by the CSRC, then an independent financial adviser, a legal adviser, and an accounting firm with relevant qualifications must be engaged to advise Taihang Cement on the Asset Restructuring proposal. Such regulation also stipulates material assets restructuring principles and standards, procedures, transaction pricing and information disclosure requirements that must be followed. A material assets restructuring of a listed company must also be approved by the CSRC and be completed within 12 months from the date of such approval. If the Asset Restructuring is not a material assets restructuring as defined in the *Regulation on Material Assets Restructuring of Listed Companies*, it should be completed within the time frame approved by the shareholders of Taihang Cement and our Company, where applicable.

The Asset Restructuring may not happen, given that it needs to be approved by entities outside the control of our Parent and us. In the event that the Asset Restructuring is not implemented, our Company's cement assets and businesses will not be transferred to Taihang Cement, our shareholding in Taihang Cement will not increase and Taihang Cement will not become our subsidiary. We will continue to sell our cement products in accordance with the terms of the Taihang Cement Distribution Agreement, and to develop new cement business opportunities in accordance with the Taihang Cement Board Resolutions. Our Company will be required to continue our current measures and adopt new measures, as appropriate, to avoid or minimise potential competition with Taihang Cement, in addition to the arrangement allowed under the Taihang Cement Distribution Agreement. At the same time, our Parent will still need to comply with the Parent Undertakings and comply with the legal requirement that we, as the actual controller of Taihang Cement, cannot engage in business that competes with that of Taihang Cement. As a result, an alternative restructuring plan may be required to address, among other things, the competition issue with Taihang Cement.

As advised by our PRC legal adviser, if our Parent fails to formulate the Asset Restructuring proposal and apply for the necessary approvals within 12 months from Listing Date, Taihang Cement and its shareholders may consider that the Parent has breached the Parent Undertakings and may require our Parent to compensate for any of the losses suffered. For further details, see "*— Potential legal consequences in case of any breach of the Parent Undertaking*s".

Taihang Cement Distribution Agreement

In light of the Parent Undertakings, our Parent, Taihang Cement, Dingxin Cement and we entered into the Taihang Cement Distribution Agreement on 15 July 2008 to delineate the existing sales markets between Taihang Cement and us where competition existed on the date of the agreement, and will each conduct cement business in the existing markets according to the terms thereof. To the best knowledge of our Directors, the existing markets of Taihang Cement at that time covered Beijing, Tianjin and Shanxi, Henan and Hebei Provinces. The Taihang Cement Distribution Agreement did not mention about Shanxi and Henan as our Group does not have any cement operation or sales of cement products in these two areas and therefore no competition exists between Taihang Cement and our Group in these areas. In the event that our Group would like to enter into the sales market in Shanxi and Henan Provinces, Taihang Cement and our Group have agreed to enter into a distribution agreement or other co-operation agreement incorporating the principles and framework of the Taihang Cement Distribution Agreement in order to avoid and minimise any potential competition between Taihang Cement and our Group. In relation to Tianjin, the Taihang Cement Distribution Agreement has specified Tianjin as one of the existing markets of Taihang Cement and our Group has appointed Taihang Cement as the exclusive distributor for our cement products in Tianjin. This means that our Group can only sell all of our cement products to Taihang Cement in Tianjin. Whereas for Beijing area, the Taihang Cement Distribution Agreement has specified Beijing as one of the existing markets of our Group and Taihang Cement has appointed our Group as its exclusive distributor for its cement products in Beijing. This means that Taihang Cement can only sell all of its cement products to the Group in Beijing. In relation to Hebei Province, the Taihang Cement Distribution Agreement clearly delineated which towns or cities in Hebei Province shall Taihang Cement or the Group be operating. Under the Taihang Cement Distribution Agreement, Baoding, Hengshui, Cangzhou, Xingtai and Handan in Hebei Province are the existing markets for Taihang Cement, whereas Shijiazhuang, Hebei Province is the existing market for our Group. Such delineation is the intended purpose and use of the Taihang Cement Distribution Agreement for competing markets between Taihang Cement and our Group.

Pursuant to the Taihang Cement Distribution Agreement, our Company appointed Taihang Cement as the exclusive distributor for our cement products in the existing markets of Taihang Cement, namely Tianjin and Heilongjiang Province and Baoding, Hengshui, Cangzhou, Xingtai and Handan in Hebei Province. Taihang Cement authorised our Company to use its trademark and brand name in our cement products when such cement products are sold in the existing markets of Taihang Cement. In the same agreement, Taihang Cement appointed our Company as its exclusive distributor for its cement products in our Group's existing markets, namely Beijing and Shijiazhuang, Hebei Province. Our Company authorised Taihang Cement to use our trademark and brand name in the cement products of Taihang Cement when such cement products are sold in the existing markets of our Group. Furthermore, both our Company and Taihang Cement have the right to sell the other party's cement products under the brand name of the other party in their respective existing markets. Our Company and Taihang Cement each undertook to the other not to sell cement products directly into the other's markets, except pursuant to the terms of the Taihang Cement Distribution Agreement. Under the terms of the agreement, we are not allowed to market our products, and may not solicit customers, in the existing markets of Taihang Cement, and *vice versa*. It is stated in the Taihang

Cement Distribution Agreement that each party is responsible for the quality of its cement products and to ensure it meets national standards and the specific requirements under the sales contract. A certificate on the quality of the cement is issued which specifies the name of the manufacturer. Thus, our Company is able to monitor the quality of the Taihang Cement products sold under our brand name. The cement products are sold at market price and both our Company and Taihang Cement prepare monthly confirmations on the quantity and price of the cement products sold in the preceding month. Each month, the parties settle the amount of the cement products sold in the preceding month and pay any necessary distribution fee, based on the quantity sold. Taihang Cement, as our exclusive distributor in Taihang Cement's existing markets, is responsible for relaying all requests and orders from clients to us and arrange delivery of cement products to clients, and *vice versa*. Accordingly, each party prepares a monthly sales plan and submits it to the other party for confirmation, and the parties implement the sales plan accordingly.

The Taihang Cement Distribution Agreement was approved by the board of directors of Taihang Cement on 4 August 2008, and subsequently approved by the shareholders of Taihang Cement on 7 August 2008 in the third extraordinary general meeting of Taihang Cement. The term of Taihang Cement Distribution Agreement commenced on 7 August 2008 and shall expire until the completion of the Asset Restructuring, unless required otherwise by any competent authorities. As the Taihang Cement Distribution Agreement constitutes a connected transaction of Taihang Cement, the rules on the term of connected transactions stated in the *Listing Rules of the Shanghai Stock Exchange* are applicable, therefore, if the Asset Restructuring cannot be completed within the term provided under the *Listing Rules of the Shanghai Stock Exchange*, the term provided under the *Listing Rules of the Shanghai Stock Exchange* and the relevant rule on extension of term shall apply to the term of the Taihang Cement Distribution Agreement. Details of the Taihang Cement Distribution Agreement are set out in "*Business — Cement Segment — Sales and marketing — Taihang Cement Distribution Agreement*". With the Taihang Cement Distribution Agreement in place, our Board believes that our Group can carry out direct sales of our cement products in our existing markets, namely Beijing and Shijiazhuang, Hebei Province, without breaching the Parent Undertaking. Our Board also believes that the Taihang Cement Distribution Agreement has effectively delineated the existing sales markets where competition between Taihang Cement and our Group exists. The Taihang Cement Distribution Agreement also provides that Taihang Cement and our Company will have equal business and development opportunities in the new markets. In cases where both parties wish to develop the same new market, both of them agreed to enter into a distribution agreement or other co-operation agreement incorporating the principles and framework of the Taihang Cement Distribution Agreement in order to avoid and minimise any potential competition in the new market between Taihang Cement and our Group. Under the Taihang Cement Distribution Agreement, the entering of such distribution agreement or co-operation agreement shall take effect upon the approval of the respective board of directors.

Corporate governance relating to Asset Restructuring

In order to better protect the interests of our Shareholders, our Company will adopt the following corporate governance measures before any Asset Restructuring proposal is presented to our Board and/or our Shareholders for review and approval:

- our strategic committee, currently comprising four executive Directors, three independent non-executive Directors and one senior management, will convene meetings on a quarterly basis to review and consider information regarding the Asset Restructuring, including any material financial information relating to our cement business, the progress of defect rectification of our cement businesses and assets, valuation progress and Asset Restructuring proposal formulation progress;

- representatives from our Parent will also be invited to attend the strategic committee meetings in order to report the defect rectification progress relating to our Parent's cement businesses and assets, and to address any questions our strategic committee members and independent non-executive Directors may have;

- our strategic committee will submit a report on the key issues addressed and the matters reviewed by our strategic committee relating to the Asset Restructuring to our Board for review;

- our two overlapping Directors who are also members of the strategic committee, namely, Jiang Weiping and Li Changli, will not attend any meetings of the strategic committee being held for the purpose of reviewing and considering information regarding the Asset Restructuring;

- our independent non-executive Directors may, upon request, seek the advice on the Asset Restructuring proposal at our cost, in order to avoid any potential conflict of interests and protect the interests of our public Shareholders;

- in the event that any material financial information of our cement business is disclosed in the strategic committee's report, material decisions are reached on matters reviewed by our strategic committee or independent non-executive Directors relating to the Asset Restructuring or material decisions are made regarding the status and timing on the implementation of the Asset Restructuring, our Board will make announcements as necessary to inform the public in compliance with the Listing Rules; and

- our Shareholders shall receive regular updates on the Asset Restructuring by way of disclosure in our annual reports or interim reports.

Potential legal consequences in case of any breach of the Parent Undertakings

Our PRC legal adviser is of the view that the Parent Undertakings were given by our Parent and they have no direct binding effect on us. In case of any breach of the Parent Undertakings, our Parent may be subject to public criticism by the regulatory bodies in the PRC (including the CSRC or Shanghai Stock Exchange). Taihang Cement and/or its shareholders may also require our Parent to compensate for the losses suffered as a result of the breach of the Parent Undertakings. Furthermore, Taihang Cement and/ or its shareholders will have the right to bring an action against our Parent for breach of the Parent Undertakings but they cannot claim against our Company, Shareholders (except our Parent), Directors and Supervisors. Our PRC legal adviser is of the view that a PRC court would not make a judgement ordering our Company and/or it subsidiaries to assume our Parent's obligations under the Parent Undertakings. Our PRC legal adviser is also of the view that the CSRC, the Shanghai Stock Exchange and/or any other relevant authorities will be unable to compel our Company and/or its subsidiaries to perform the Parent Undertakings. Nonetheless, our Parent will indemnify us against any losses we may suffer as a result of breach of the Parent Undertakings by our Parent. For further details, see "*Appendix VIII — Statutory and General Information — Other Information — Indemnities*".

If the undertaking in relation to Asset Restructuring is breached by our Parent, Taihang Cement and its shareholders may seek a specific performance order from a PRC court demanding our Parent to perform its obligations under the Asset Restructuring undertaking concerned, that is, to demand our Parent to formulate a proposal for the Asset Restructuring and present the same to our Shareholders at the Shareholders' meeting. In accordance with the applicable PRC laws and the relevant provisions in the Articles, the Asset Restructuring shall be subject to approval by our Shareholders at the Shareholders' meeting. In the event that our Shareholders do not approve the Asset Restructuring, and Taihang Cement and/or its shareholders believe that the Parent has breached its undertaking in relation to the Asset Restructuring, causing actual losses to Taihang Cement and/or its shareholders, Taihang Cement and/or its shareholders may claim for compensation from our Parent. However, our PRC legal adviser is of the view that as we are not a party to the Parent Undertakings with respect to the injection of cement assets and we have not made any guarantee or undertaking in any other form with regard to the Asset Restructuring, Taihang Cement and/or its shareholders cannot seek an order from a PRC court to force us to implement the Asset Restructuring. Our PRC legal adviser is of the opinion that the PRC courts will not nullify the resolution passed by our minority Shareholders to reject the Asset Restructuring proposal and demand for the Asset Restructuring.

In relation to any potential regulatory action to be brought for breach of the Parent Undertakings, there is no specific rule on whether the CSRC can take regulatory actions against our Parent and/or our Group. If our Parent and/or our Group is/are considered to be impairing the independence of, or harming the interest of, Taihang Cement, the future financing, share transfer, merger and acquisition and restructuring activities of our Parent and our Group will be subject to more stringent scrutiny by CSRC according to the *Notice for the Intensified Remedial Measures Regarding the Corporate Governance of the Listed Companies* if such activities are under the supervision of the CSRC. There is no elaboration as to what particular actions would be taken by the CSRC under such notice. In addition, our Parent and/or we may be reprimanded publicly or subject to a circulated criticism by the Shanghai Stock Exchange according to the *Listing Rules of the Shanghai Stock Exchange*.

Inclusion of cement assets and business in our Group

The cement assets and business are included in our Group but not retained by our Parent because our Company's four business segments together form the business model of the Company, which is a cement, modern building materials, property investment and management and property development conglomerate. The inclusion of the cement business in our Group will reduce connected transactions and conflicts of interest with the Parent Group after the Listing. In addition, the inclusion of the cement business in our Group also realises the synergies and vertical integration between each business segment which is one of the core competitive strengths of our Company.

ARRANGEMENT IN RELATION TO CORPORATE DEBENTURE ISSUED BY OUR PARENT

On 24 May 2007, our Parent issued the Corporate Debenture in the principal amount of RMB800 million for a term of 10 years. The Corporate Debenture is guaranteed by Bank of China, Beijing Olympics Village Branch ("**BOC**"). RMB778 million was transferred to us in 2007 and recorded as a loan from our Parent, and our Parent used the remaining RMB22 million in a government project involving the processing and recycling of waste materials. The loan to us was used to finance the business development of our Company and its subsidiaries for property development purposes, including to finance resettlement and renovation projects, and building material projects. We repaid this loan in full to our Parent in 2008. In relation to the guarantee given by BOC, Beijing Gaoling, our subsidiary, had mortgaged its building Tengda Plaza (騰達大廈), located in No. 168, Xizhimen Outer Street, Haidian District, Beijing, in favour of BOC as a security for the guarantee provided by BOC. For the three years ended 31 December 2008, the revenue (comprising rental income and property management fees recorded by Beijing Gaoling and the Tengda branch of BBMG Property Management) generated from Tengda Plaza amounted to RMB93.7 million, RMB96.0 million and RMB106.8 million, respectively. As at the Latest Practicable Date, the mortgage over Tengda Plaza was released.

INDEPENDENCE FROM OUR PARENT GROUP

Having considered the following factors, we are satisfied that we can conduct our business independently from our Parent Group after the Global Offering:

Independence of Board and management

There is no substantial overlap between our Directors and the directors and senior management of our Parent. Two members of our Board, namely, Jiang Weiping and Li Changli, are also directors of our Parent. Jiang Weiping, a senior economist, is the chairman of the Board and an executive Director of our Company, and also serves as the chairman of the board of directors of our Parent. He is principally responsible for the overall development of our Group's business and the strategic planning and development of our Group. Mr. Jiang is also responsible for leading the work of our Board and presiding over the overall administration of our Company. He has 29 years of experience in the building material industry in the PRC. Mr. Jiang's main role in our Parent Group is to preside over meetings of the board of directors of our Parent and be responsible for the overall development of our Parent Group. Mr. Jiang does not take part in the day to day management of our Parent Group. Li Changli, a senior economist, is the vice-chairman of our Board and an executive Director of our Company, and also serves as general manager and director of our Parent. He is principally responsible for formulating development strategies, planning mid and long term projects and implementing the strategy of our Group, as well as other duties in relation to commerce, trade and logistics management. Mr. Li has 28 years of experience in the building materials industry and has served as senior management in several of our subsidiaries under our building materials segment. Mr. Li's main role in our Parent Group is formulating the overall operational direction of our Parent Group. Mr. Li does not take part in the day-to-day management of our Parent Group.

Despite the fact that two of our executive Directors are also directors of our Parent, we are of the view that there are sufficient and effective control mechanisms to enable our Directors to discharge their duties appropriately, minimise or if possible avoid potential conflicts of interest and safeguard the interests of our Shareholders as a whole on the following grounds:

- the core business and assets of our Parent Group related to producing and selling cement and concrete, producing and selling modern building materials, developing and investing in and managing properties, has been injected into our Company, and the businesses between us and that of our Parent are of two different business segments with different markets, target customers and products (except the businesses set out under "— *Competition*" above). Foreseeable potential competition has been minimised or if possible avoided by the Beijing Pinggu Distribution Agreement and Non-Competition Agreement and foreseeable conflicts of interests will arise only with respect to connected transactions with our Parent (including its associates) and the Parent Undertakings. As stated in "— *Corporate governance*" below, any new activities and opportunities under the Non-Competition Agreement (including the exercise of any option) and all matters determined by our Board as inherent with potential conflict of interests will be deferred to our independent non-executive Directors and as provided in our Articles, our interested Directors will abstain from voting, will not be counted in the quorum and will not attend the discussion (unless attendance is specifically invited by our disinterested Directors) of the relevant decision;

- a system of corporate governance has been adopted by our Company to ensure the implementation of the Non-Competition Agreement and the Asset Restructuring, deal with potential conflicts of interests and safeguard the interests of our Shareholders as a whole;
- there is no overlap of the directors and senior management of the key subsidiaries of our Parent (not included in our Group) and our subsidiaries;
- none of our executive Directors has any shareholding interests in our Company or our Parent;
- our executive Directors will allocate substantially all their time to our management and operation; and
- all our executive Directors will receive their remuneration, benefits and rewards only from our Group.

Independence of business operations

As a result of the Reorganisation, save as stated under "— *Competition — Our Parent's Retained Businesse*s" above, the core business and assets related to cement, modern building materials, property investment and management and property development were transferred to us. The principal businesses of our Parent and our Group are segregated and of different industry segments, markets and products, and, therefore, have different operating and development strategies.

We will continue certain connected transactions with our Parent Group after the Listing. Details of these continuing connected transactions are set out in "*Connected Transactions*". Despite the continuation of the connected transactions, we will be able to function and operate independently from our Parent Group on the following grounds:

- ***Exempted connected transactions:*** each type of connected transaction under "*Connected Transactions — Exempted Continuing Connected Transactions*" is expected to be of an annual value of less than 0.1% of our Group's total revenue for the year ended 31 December 2008; and
- ***Non-exempted connected transactions:*** the estimated services fees, cost of purchase and sales etc for any type of non-exempted continuing connected transaction is expected to amount to 0.1% to 2.6% of our Group's total revenue for the year ended 31 December 2008.

Given that the estimated highest annual cap among these continuing connected transactions amounts to approximately 2.6% of our Group's total revenue in year 2008, our Directors believe that our Group does not place undue reliance on our Parent Group in respect of these continuing connected transactions after the Listing. This is also demonstrated by the percentage of goods purchased from and sold to our Parent Group and other connected persons is relatively low compared to our Group's total costs of sale and total revenue, respectively, for each of the three years ended 31 December 2008.

For further details, see "*Connected Transactions — Non-exempted Continuing Connected Transactions — Purchases of goods*" and "*Connected Transactions — Non-exempted Continuing Connected Transactions — Sale of goods*".

As stated in "*— Competition — Extent of competition*" above, potential competition with our Parent Group is minimised or avoided. In addition, we entered into the Non-Competition Agreement and adopted a series of decision-making procedures as stated in "*— Corporate governance*" below to manage potential conflicts of interest between our Group and our Parent Group.

Based on the above, our Directors also believe that our Group will be capable of carrying on its business independently of our Parent Group after the Listing Date.

Financial independence

We have settled all amounts due to our Parent Group in non-trade nature and released all guarantees provided to us by our Parent Group prior to the Listing. In addition to that, we have established our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and independent access to third party financing.

Our Directors believe that we are capable of obtaining financing from third parties without reliance on our Parent Group.

Corporate governance

Our Board will consist of not less than three independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgement in its decision-making process and provide independent advice to our Shareholders. We will ensure that our independent non-executive Directors are of sufficient calibre, knowledge and experience, have no connection or relationship with us or our connected persons and will carry weight in our decision-making process.

We have adopted the following decision-making procedures for matters or transactions of potential conflicts of interest between us and our Parent Group:

- any of our Directors with duties in our Parent will not vote or be counted in the quorum on any resolutions of our Board relating to our transactions (including the exercise of the options to acquire the Retained Businesses under the Non-Competition Agreement) with our Parent;

- any of our Directors who cannot vote or be counted in the quorum shall not attend the relevant part of the Board meeting or participate in the discussions on the relevant resolution, unless his attendance and participation are specifically invited by our disinterested Directors but subject to the aforesaid restrictions on voting and being counted in the quorum on the relevant resolution;

- any new activities and opportunities under the Non-Competition Agreement (including the exercise of any option under the Non-Competition Agreement) and all matters determined by our Board as having a potential conflict of interest will be deferred to our independent non-executive Directors for discussions and decision. When necessary, they will employ an independent financial adviser to advise them on these matters. If our independent non-executive Directors decide not to exercise any option under the Non-Competition Agreement, we will inform our Shareholders of the views of our independent non-executive Directors by means of an announcement, if required by applicable laws and the Listing Rules;

- our annual report will include the views and the decisions, with basis, of our independent non-executive Directors on any new activities and opportunities under the Non-Competition Agreement (including the exercise of any option under the Non-Competition Agreement) or matters having a potential conflict of interest with our Parent Group that have referred to the independent non-executive Directors;

- our independent non-executive Directors will review the compliance of the Non-Competition Agreement on an annual basis and disclose the results of the review in our annual reports; and

- all new activities and opportunities between us and any of the Retained Businesses (including the exercise or non-exercise of the options), and any on-going connected transactions, will comply with the applicable requirements under Chapter 14A of the Listing Rules.

In addition, we have adopted certain corporate governance measures with respect to the Asset Restructuring in order to better protect the interests of our Shareholders. For further details, see "— *Undertakings Given by Our Parent to Taihang Cement and Its Shareholders — Corporate governance relating to Asset Restructuring*".

BACKGROUND AND OBJECTIVES

As a result of our Parent's acquisition of a majority interest in Taihang Huaxin from Handan SASAC in December 2006, our Parent became, under the rules of the Shanghai Stock Exchange, an indirect controlling shareholder of Taihang Cement, a company listed on the Shanghai Stock Exchange. As at 30 June 2009, Taihang Cement was 30.0% owned by Taihang Huaxin. CSRC rules provide that a controlling shareholder of a listed company shall not engage in the same business as the listed company and shall avoid competition with the listed company. In 2007, at the request of the CSRC, our Parent gave the Parent Undertakings in favour of Taihang Cement and its shareholders to address the issue of competition between the cement businesses of our Parent (including our cement business) and Taihang Cement. For further details, see "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Asset Restructuring*".

Pursuant to the Parent Undertakings, our Parent is required, among other things, to resolve the issue of competition in the same industry, by implementing, when conditions are appropriate, an Asset Restructuring in which all assets and businesses of our Parent that are related to the cement business (including our cement business) will be injected into Taihang Cement. For further details of the Asset Restructuring, see *"Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Asset Restructuring"*.

In connection with the Parent Undertakings, on 18 February 2009, our Parent notified Taihang Cement that (i) it would formulate the Asset Restructuring proposal and apply for the necessary approvals within 12 months from the Listing Date and (ii) assuming that all necessary approvals were to be received, the management of our Parent believed that the Asset Restructuring could be completed within 24 months from the Listing Date.

As one of the possible ways to implement the Asset Restructuring, our Parent also proposed in the notification that, as consideration for transferring our Parent's cement assets and businesses (including our cement business) to Taihang Cement, we would be issued new shares of Taihang Cement in an amount sufficient to result in Taihang Cement becoming our majority-owned subsidiary. This notification was published by Taihang Cement in the Asset Restructuring Announcement on the website of the Shanghai Stock Exchange on 20 February 2009. The Asset Restructuring Announcement also disclosed that our Parent had reported, and Beijing SASAC had agreed in principle to, this arrangement. Therefore, assuming that the Asset Restructuring were implemented in the form set forth in the Asset Restructuring Announcement, it is anticipated that Taihang Cement would become our majority owned subsidiary. For further details related to the Asset Restructuring and the Asset Restructuring Announcement, see *"Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Asset Restructuring"*.

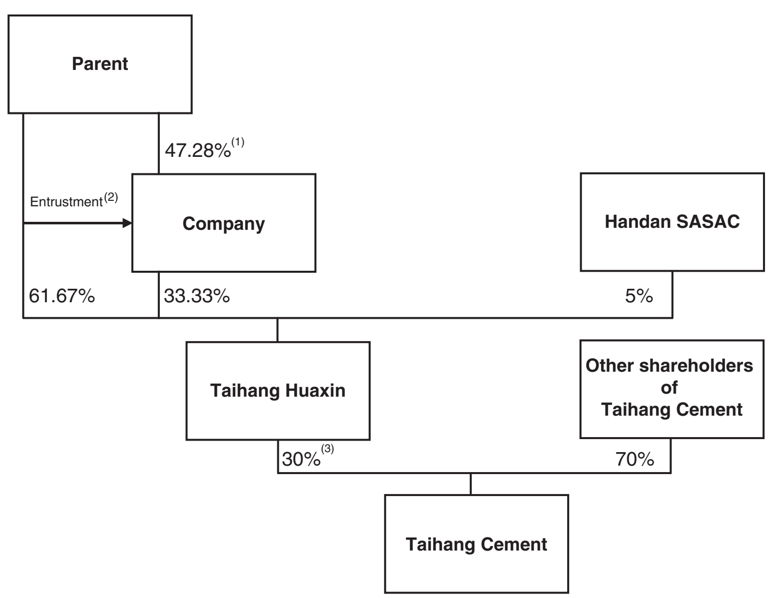
On 23 June 2009, our Parent gave the Parent 2009 Undertaking to us in which the Parent agreed not to make any Asset Restructuring proposal that would be inconsistent with the Asset Restructuring Announcement and confirmed that any Asset Restructuring proposal that it makes in the future will result in Taihang Cement becoming our majority-owned subsidiary. Our PRC legal adviser is of the view that this undertaking is valid and enforceable by us against our Parent, giving us the legal right to request our Parent to comply with the undertaking. Although our Parent has given us this undertaking, we cannot guarantee that the Asset Restructuring will take place in the form set forth in the Asset Restructuring Announcement or that Taihang Cement will become our majority-owned subsidiary. For further details related to the Asset Restructuring and the Asset Restructuring Announcement, see "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Asset Restructuring*".

The proceeds from the Global Offering will not be used to acquire the shares of Taihang Cement under the Asset Restructuring.

ORGANISATIONAL STRUCTURE PRIOR TO AND AFTER THE ASSET RESTRUCTURING

The organisational charts set forth below detail the relationship among our Parent, our Company, Taihang Huaxin and Taihang Cement before and after the Asset Restructuring, based on the assumptions that the Asset Restructuring is implemented in accordance with the Asset Restructuring Announcement and the Parent 2009 Undertaking. The organisational charts set forth below are provided only for the purpose of illustrating the current intentions of our Parent with respect to the Asset Restructuring, which may or may not be completed. The implementation of the Asset Restructuring is subject to a number of uncertainties and the resulting organisational structure after the Asset Restructuring may differ in material respects from the information set forth below:

Immediately after completion of the Global offering and before the Asset Restructuring



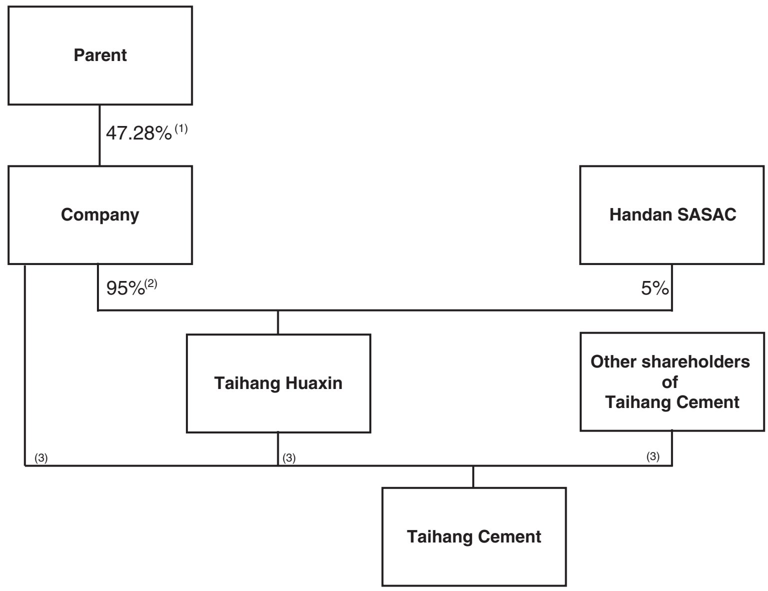
Notes:

(1) Approximate percentage of shareholding interest in our Company held by our Parent immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(2) 61.67% of our Parent's interest in Taihang Huaxin is entrusted to us pursuant to the Taihang Huaxin Entrustment Agreement. See "*Relationship with Controlling Shareholder — Entrustment Agreement in Respect of Taihang Huaxin*".

(3) The percentage represents the shareholding of Taihang Huaxin in Taihang Cement as at 30 June 2009.

Immediately after the Asset Restructuring (assuming our Parent's proposal for the Asset Restructuring in which Taihang Cement becomes our subsidiary is effected)



Notes:

(1) Approximate percentage of shareholding interest in our Company held by our Parent immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(2) Percentage of our shareholding interest in Taihang Huaxin, assuming we have completed the acquisition of the Entrusted Equity Interest. For further details, see "*Acquisition of interests in Taihang Huaxin*".

(3) According to our Parent's proposal, the new shares to be issued by Taihang Cement to us as consideration for transferring our cement assets and businesses to Taihang Cement, together with our existing shareholding interest held through our subsidiary Taihang Huaxin, will result in Taihang Cement becoming our majority owned subsidiary. The actual determination of each of Taihang Cement's shareholder's percentage ownership in Taihang Cement post-restructuring will depend on (i) the valuation of the assets we inject into Taihang Cement and (ii) the valuation of the shares issued by Taihang Cement to us.

Taihang Cement may not become our subsidiary following the Asset Restructuring

We currently expect that, upon completion of the Asset Restructuring, Taihang Cement will become our subsidiary. However, due to changes in circumstances beyond our Parent's or our control or for other reasons, Taihang Cement may not become our subsidiary after completion of the Asset Restructuring. If Taihang Cement does not become our subsidiary, its results, which will include the results of our current cement business, will not be consolidated into our financial statements after the Asset Restructuring, and our business, financial position, results of operations and prospects may be materially and adversely affected. For further details, see "*Risk Factors — Risk Relating to Our General Operations — Our Parent has given legal undertakings which may be detrimental to us — Taihang Cement may not become our subsidiary following the Asset Restructuring*".

CORPORATE AND REGULATORY PROCEDURES

Set forth below is a list of the key steps which our Parent and our Company intend to take in order to implement the Asset Restructuring. The list includes steps that our Parent and our Company intend to take to comply with the relevant laws in effect as of the date of this prospectus, including the *PRC Company Law* (中華人民共和國公司法), *PRC Securities Law* (中華人民共和國證券法), *Measures for the Administration of the Takeover of Listed Companies* (上市公司收購管理辦法), *Regulation on Material Asset Reorganizations of Listed Companies* (上市公司重大資產重組管理辦法), *Provisions on Issues Concerning Regulating the Material Asset Reorganizations of Listed Companies* (關於規範上市公司重大資產重組若干問題的規定), *Interim Measures for the Management of the Transfer of the State-owned Property Right of Enterprises* (企業國有產權轉讓管理暫行辦法). The list is not meant to be exhaustive and, subject to the details of the Asset Restructuring plan to be proposed and the applicable laws at that time, there may be additional or different steps required to be taken by our Parent and our Company when the Asset Restructuring is implemented:

- subject to compliance with applicable laws and regulations and the relevant shareholder or board consents being obtained as prescribed under the PRC Company Law and the articles of association of our Parent, our Parent will initiate the Asset Restructuring and all assets subject to the Asset Restructuring shall be proposed to be transferred at a fair market value, which shall be determined by an independent valuer with special qualification as required under the PRC law;

- our Parent will attempt to rectify certain land use right defects with respect to the land on which Beijing Pinggu's cement production facilities are located. Beijing Pinggu is a cement business owned by our Parent and is not currently part of our Group. If our Parent rectifies these defects prior to submitting the Asset Restructuring proposal for approval, our Parent intends to transfer Beijing Pinggu to us at fair market value, and we would then transfer Beijing Pinggu to Taihang Cement as part of the Asset Restructuring. If our Parent cannot rectify these defects prior to submitting the Asset Restructuring proposal for approval, our Parent intends to not include Beijing Pinggu in the Asset Restructuring and either to (a) subsequently rectify the land use rights defects no later than two years after the Listing and then sell Beijing Pinggu to Taihang Cement, or (b) sell Beijing Pinggu to one or more independent third parties or (c) dissolve Beijing Pinggu. Our Parent has undertaken to us that, if the acquisition of Beijing Pinggu by Taihang Cement cannot be completed within two years of the Listing, it will either transfer its interests in Beijing Pinggu to independent third parties or dissolve Beijing Pinggu. For further details, see "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Asset Restructuring*";

- our Parent will formulate a proposal in relation to the Asset Restructuring after considering all factors mentioned above and assessing the value of the assets subject to the Asset Restructuring;

- after the proposal is approved by our Parent in accordance with the articles of association of our Parent, our Parent will submit the Asset Restructuring proposal to our Board. Any proposal in relation to the Asset Restructuring will be referred to our strategic committee and independent non-executive Directors for review. Our independent non-executive Directors have a duty to make their decision based on the interests of our Shareholders' as a whole, and our Board will take the opinion of the independent non-executive Directors into consideration. For further details, see "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Corporate governance relating to Asset Restructuring*";

- our Board, in deciding whether to approve or reject the Asset Restructuring, is expected to take into account: (i) the fair market value of all assets subject to the Asset Restructuring as determined by the independent valuer, (ii) the market conditions in the cement industry and the PRC's general economic conditions, (iii) whether the Asset Restructuring would create synergies with our Group, leading to increased competitiveness, increased earning potential and high growth prospects, (iv) whether the Asset Restructuring is in line with our Group's strategies, and (v) whether it would be in the interests of our Company as a whole. Upon request, our independent non-executive Directors may seek the advice of an independent financial adviser on this matter at our cost, in order to help avoid any potential conflict of interests and protect the interests of the public shareholders of our Company;

- the Asset Restructuring proposal will be presented to our Shareholders for review and approval in compliance with the applicable laws and regulations (including the Listing Rules) and subject to disclosure and approval requirements under the Listing Rules (where applicable). Based on the current circumstances and in light of the steps our Parent intends to take as set forth above, our Parent has been deemed to have a material interest in the Asset Restructuring proposal and our Parent would be required to abstain from voting at the relevant Shareholders' meeting, pursuant to the relevant Listing Rules. Should the circumstances differ at the time of the actual shareholders' meeting regarding the Asset Restructuring, our Parent may or may not be deemed to have a material interest in the Asset Restructuring, and will abide by the relevant Listing Rules at that time. In addition to the requirement that the Asset Restructuring proposal be referred to our independent non-executive Directors for review, we have adopted other corporate measures with regard to the Asset Restructuring. For further details, see *"Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders — Corporate governance relating to Asset Restructuring"*. In the event that the Asset Restructuring proposal is not approved at our Shareholders' meeting, then such proposal will not be presented to the shareholders of Taihang Cement;

- our Parent intends to submit the Asset Restructuring proposal to Beijing SASAC for approval after obtaining the approval of our Board;

- after the Asset Restructuring proposal is approved by Beijing SASAC, the Asset Restructuring proposal shall be presented to our Shareholders for approval. The Asset Restructuring will then be presented for approval to the Shareholders of Taihang Cement by our Company (through Taihang Huaxin);

- our Company intends to apply to the CSRC for a waiver from the requirement to make a mandatory general offer for the shares of all shareholders of Taihang Cement in connection with any acquisition of additional shares of Taihang Cement. The *Measures on Take-overs of Listed Companies* state that, unless a waiver is granted by the CSRC, a mandatory general offer obligation will be triggered if a shareholder, who holds 30.0% or more of the voting rights of a company, acquires additional voting rights in such company. If our Company acquires new shares in Taihang Cement as consideration for transferring its cement assets and businesses to Taihang Cement, as is currently contemplated by our Parent's proposal for the Asset Restructuring, a mandatory general offer obligation would be required unless such waiver is obtained from the CSRC;

- the Asset Restructuring will then be reviewed and presented for approval at a shareholders' meeting of Taihang Cement. Taihang Cement, as a company listed on the Shanghai Stock Exchange, must comply with all requirements of Shanghai Stock Exchange and the CSRC and the *PRC Securities Law*;

- Taihang Huaxin, which we control, will be required to abstain from voting when the Asset Restructuring is proposed at the shareholders' meeting of Taihang Cement. If the Asset Restructuring proposal is approved at our Shareholders' meeting but disapproved at the shareholders' meeting of Taihang Cement, the cement assets subject to the Asset Restructuring will not be injected into Taihang Cement;

- if the Asset Restructuring is a material assets restructuring under the *Regulation on Material Assets Restructuring of Listed Companies* issued by the CSRC, then an independent financial adviser, a legal adviser, and an accounting firm with relevant qualifications must be engaged to advise Taihang Cement on the Asset Restructuring proposal. Such regulation also stipulates material assets restructuring principles and standards, procedures, transaction pricing and information disclosure requirements that must be followed. A material assets restructuring of a listed company must also be approved by the CSRC and be completed within 12 months from the date of such approval; and

- if the Asset Restructuring is not a material assets restructuring as defined in the *Regulation on Material Assets Restructuring of Listed Companies*, it should be completed within the time frame approved by the shareholders of Taihang Cement and our Company, where applicable.

As disclosed in the Asset Restructuring Announcement, the management of our Parent believes that the Asset Restructuring could be completed within 24 months from the Listing Date.

LISTING RULES IMPLICATIONS

With the Taihang Huaxin Entrustment Agreement in place, we have a control in relation to an aggregate of 95.0% of the equity interests in Taihang Huaxin. As a result, Taihang Huaxin and Taihang Cement are not connected persons of our Company under the Listing Rules and, therefore, the Asset Restructuring will not constitute a connected transaction thereunder. Thus, independent Shareholders' approval (under Rule 14A.18) is not required for the Asset Restructuring transaction.

The transfer of cement assets and businesses to Taihang Cement by us in accordance with the Parent Undertakings and the acquisition of the shares of Taihang Cement as a consideration for the transfer will be subject to Rule 14.24 of the Listing Rules. Under Rule 14.24 of the Listing Rules, the classification of a transaction which involves both an acquisition and a disposal is determined by the larger of the acquisition and disposal, calculated by reference to the percentage ratios (as defined under the Listing Rules) of such acquisition and disposal, respectively.

We will, and will take all reasonable steps with the view to procure our Parent to, comply with Rules 2.15, 14.46 and 14.49 and other applicable requirements under the Listing Rules after the Listing in connection with the Asset Restructuring. Under Rule 14.46 and Rule 14.49 of the Listing Rules, the Stock Exchange has the authority to require any shareholder and its associates to abstain from voting at the relevant shareholders' meeting if such shareholder has a material interest in the transaction being considered. Rule 2.15 of the Listing Rules also requires that any shareholder that has a material interest in a transaction or arrangement must abstain from voting on the resolution approving the transaction or arrangement at the general meeting.

Based on the current circumstances and in light of the steps our Parent intends to take as set forth above, our Parent has been deemed to have a material interest in the Asset Restructuring proposal and our Parent would be required to abstain from voting at the relevant Shareholders' meeting, pursuant to the relevant Listing Rules. Should the circumstances differ at the time of the actual shareholders' meeting regarding the Asset Restructuring, our Parent may or may not be deemed to have a material interest in the Asset Restructuring, and will abide by the relevant Listing Rules at that time.

OPERATIONAL EFFECT

If the Asset Restructuring is completed

If the Asset Restructuring is completed, we will only be involved in the cement business, including any management control over our current cement-related assets and businesses, through the equity interest that we will hold in Taihang Cement. In addition, we will no longer own our cement assets and businesses independently of other parties. As a consequence, to the extent we have management control, we will be obliged to take into consideration the interests of other shareholders when managing these assets and businesses. Furthermore, as part of Taihang Cement, the management of these cement assets and businesses would be subject to the rules of the Shanghai Stock Exchange. Finally, our cement assets and businesses and the operations of Taihang Cement will need to be integrated. For further details, see *"Risk Factor — Risks Relating to Our General Operations — Our Parent has given legal undertakings which may be detrimental to us — The Parent Undertakings require our Parent to transfer to Taihang Cement all of our cement related assets and businesses"*.

If the Asset Restructuring is implemented in accordance with the plan detailed by our Parent in the Asset Restructuring Announcement and the irrevocable undertaking that our Parent gave us, Taihang Cement will become our subsidiary. If Taihang Cement becomes our subsidiary pursuant to the Asset Restructuring, we may terminate the Taihang Cement Distribution Agreement and we intend for Taihang Cement to serve as the only platform through which we operate our cement businesses.

If the Asset Restructuring is not completed

The Asset Restructuring may not happen, given that it needs to be approved by entities outside the control of our Parent and us. In the event that the Asset Restructuring is not implemented, our Company's cement assets and businesses will not be transferred to Taihang Cement, our shareholding in Taihang Cement will not increase and Taihang Cement will not become our subsidiary. We will continue to sell our cement products in accordance with the terms of the Taihang Cement Distribution Agreement, and to develop new cement business opportunities in accordance with the Taihang Cement Board Resolutions. Our Company will be required to continue our current measures such as the arrangement allowed under the Taihang Cement Distribution Agreement and adopt new measures as appropriate to avoid or minimise potential competition with Taihang Cement. At the same time, our Parent will still need to comply with the Parent

Undertakings and comply with the legal requirement that we, as the actual controller of Taihang Cement, cannot engage in business that competes with that of Taihang Cement.

If the Asset Restructuring is not implemented, an alternative restructuring plan may need to be proposed and implemented to address, among other things, the competition issue with Taihang Cement. As advised by our PRC legal adviser, if our Parent fails to formulate the Asset Restructuring proposal and apply for the necessary approvals within 12 months from the date of Listing, Taihang Cement and its shareholders may consider that the Parent has breached the Parent Undertakings and may require our Parent to compensate for any of the losses suffered. For further details, see "*Risk Factors — Risks Relating to Our General Operations — Our Parent has given legal undertakings which may be detrimental to us — If the Asset Restructuring is not implemented in accordance with the Asset Restructuring Announcement, an alternative restructuring plan may be required to address, among other things, the competition issue with Taihang Cement*".

FINANCIAL EFFECT

If the Asset Restructuring is completed

If the Asset Restructuring is implemented in accordance with the plan detailed by our Parent in the Asset Restructuring Announcement, including the issuance of additional Taihang Cement shares to us in an amount sufficient to make Taihang Cement our subsidiary, then Taihang Cement's financial results will be consolidated into our financial statements. In addition, assuming we receive such additional shares in Taihang Cement as consideration for the cement businesses we transfer, we will have an increased economic interest in the cement businesses owned by Taihang Cement. However, if this transfer occurs, regardless of the consideration, we will have a reduced economic interest in the cement businesses that we currently own. The performance of the cement businesses that we currently own will have less of an impact on our results of operations, and the cement businesses currently owned by Taihang Cement will have a greater impact on our results of operations, than prior to the transfer. Any profit generated by these assets and businesses will be allocated pro rata among Taihang Cement's various shareholders, including its public shareholders. For further details, see "*Risk Factor — Risks Relating to Our General Operations — Our Parent has given legal undertakings which may be detrimental to us — The Parent Undertakings require our Parent to transfer to Taihang Cement all of our cement related assets and businesses*".

If the Asset Restructuring is not completed

If the Asset Restructuring is not completed, there will be no financial effect on our Group as we will continue to operate our cement business. We may consider alternative forms of asset restructuring, including amongst other possibilities, divestment of our Group's interest in Taihang Cement.

BACKGROUND

Pursuant to the Taihang Huaxin Entrustment Agreement, our Parent entrusted to us all the rights and benefits (except for certain reserved matters as described in "*Relationship with Controlling Shareholder—Entrustment Agreement in Respect of Taihang Cement*") in the Entrusted Equity Interests, including the voting rights, the right to nominate directors and the right to receive dividends, etc. As a result, we are a controlling shareholder of Taihang Huaxin. In addition, we have an option to acquire the Entrusted Equity Interests at any time during the entrustment period on terms and conditions to be determined by our Parent and our Company. We and our Parent currently intend that the purchase price of the Entrusted Equity Interests will be based on the lowest price as allowed by competent PRC authority, including SASAC, calculated by reference to the valuation and market value of the Entrusted Equity Interests. We believe that such purchase price would be commercially favourable to us and that it would be in the best interest of our Company to purchase the Entrusted Equity Interests at such a price.

Our Company intends to acquire the Entrusted Equity Interests within the first 12 months following 21 December 2009, the expiry date of the lock-up period imposed on our Parent pursuant to the share transfer agreement entered into by our Parent and Handan SASAC dated 16 September 2006 regarding the transfer of 50.84% equity interests in Taihang Huaxin.

The Taihang Huaxin Entrustment Agreement will terminate upon the earlier of (a) our acquisition of all or part of the Entrusted Equity Interests, or (b) our exercise of our right to terminate the agreement on at least 10 business days' prior written notice. Upon the expiry of the initial three-year term, commencing 6 August 2008, if we have not acquired any of the Entrusted Equity Interests, the Taihang Huaxin Entrustment Agreement will, subject to compliance with the requirements of the applicable law and regulations (including requirements under the Listing Rules relating to connected transactions), automatically be renewed for a further term of three years unless our Company otherwise notifies our Parent in writing. The terms and conditions of the Taihang Huaxin Entrustment Agreement (including the renewal provision) will continue to bind the parties thereto. Pursuant to the terms of the Taihang Huaxin Entrustment Agreement, our Company may terminate the Taihang Huaxin Entrustment Agreement by giving to our Parent 10 business days' prior written notice while our Parent has no right to unilaterally terminate the Taihang Huaxin Entrustment Agreement under its terms. The Taihang Huaxin Entrustment Agreement is intended to be an interim arrangement prior to our acquisition of the equity interests in Taihang Huaxin held by our Parent. For further details, see "*Relationship with Controlling Shareholder—Entrustment Agreement in respect of Taihang Huaxin*".

Proceeds from the Global Offering will not be used to acquire the Entrusted Equity Interests.

CORPORATE AND REGULATORY PROCEDURES

Set forth below is a summary of the key steps which we intend to take if we are to exercise our option to purchase the Entrusted Equity Interests:

- a proposal to exercise our option to purchase the Entrusted Equity Interests shall be submitted by us to our Board for approval and by our Parent to its board of directors for approval;

- according to the PRC *Law on State-owned Asset of Enterprises* (中華人民共和國企業國有資產法) (which was implemented on 1 May 2009), if a company, in which the State has a controlling stake, transfers material assets, then a valuation of the relevant assets should be carried out in accordance with the relevant regulations. Since the Entrusted Equity Interests are State-owned assets, an asset valuation of the Entrusted Equity Interests shall be carried out in accordance with the relevant regulations and after obtaining approval from Beijing SASAC;

- unless a waiver is obtained from the Beijing SASAC, the consideration to be paid by us must be based on the asset valuation, and such consideration cannot be less than 90.0% of the total appraised value of the Entrusted Equity Interests as approved by the Beijing SASAC;

- under PRC laws, except with a waiver from the Beijing SASAC, our Parent is required to publicly solicit potential purchasers of the Entrusted Equity Interests by publishing for 20 days the proposed terms of the sale in financial press available for sale in Beijing or related internet sites. If more than two parties express interest in purchasing the Entrusted Equity Interests, the transaction shall be conducted by way of an auction process. On 6 July 2009, our Parent received written confirmation from the Beijing SASAC indicating that the Beijing SASAC has agreed in principle that our Parent may transfer the Entrusted Equity Interests pursuant to a share transfer agreement between our Parent and our Company. Our PRC legal advisor is of the opinion that, based on the written confirmation from the Beijing SASAC, our Parent is exempt from the publishing and auction requirement with respect to the sale of the Entrusted Equity Interests and that an auction process will not be applicable;

- the share transfer agreement in connection with the transfer of the Entrusted Equity Interests shall be submitted to the Beijing SASAC for its approval;

- our Company will disclose any opinion of the independent non-executive Directors with respect to the exercise of the option to acquire the Entrusted Equity Interests by way of disclosure in our annual reports or interim reports or by way of timely announcements to the public; and

- the acquisition will, where applicable, be subject to disclosure and approval requirements under the Listing Rules. If we decide to renew, terminate or exercise the option to acquire the Entrusted Equity Interests under the Taihang Huaxin Entrustment Agreement, and (i) the percentage ratios (other than profits ratio) calculated by reference to Rule 14.07 of the Listing Rules exceed 2.5% and (ii) the consideration is more than HK$10.0 million, then independent Shareholders' approval will be required under Rule 14A.35 of the Listing Rules.

OPERATIONAL EFFECT

If we acquire the Entrusted Equity Interests

Upon completion of the acquisition of the Entrusted Equity Interests, we will continue to enjoy all our current rights and benefits in the Entrusted Equity Interests and will, in addition, enjoy the rights and benefits of the reserved matters described in "*Relationship with Controlling Shareholder — Entrustment Agreement in Respect of Taihang Huaxin*".

We intend to exercise our option to acquire the Entrusted Equity Interests. After such acquisition, our Parent's only interest in Taihang Cement will be indirectly held through its equity interests in our Company. We intend to acquire the Entrusted Equity Interests to resolve a potential competition issue between the cement businesses of our Company and our Parent.

If we do not acquire the Entrusted Equity Interests

If do not exercise our option to acquire the Entrusted Equity Interests but we allow the Taihang Huaxin Entrustment Agreement to automatically renew, as is our option, our rights and obligations with respect to the Entrusted Equity Interests will remain the same as they are currently.

We currently intend to continue to allow the automatic renewal of the Taihang Huaxin Entrustment Agreement until we exercise our option to acquire the Entrusted Equity Interests. However, if we terminate the Taihang Huaxin Entrustment Agreement without exercising our option to acquire the Entrusted Equity Interests, the rights and obligations of our Parent and us shall be the same as before the effective date of the Taihang Huaxin Entrustment Agreement. Hence, our Parent would enjoy and exercise all rights and interests in relation to the Entrusted Equity Interests as provided for in the PRC Company Law and as stated in the articles of association of Taihang Huaxin, and we would have none. In addition, if we terminate the Taihang Huaxin Entrustment Agreement prior to the completion of the Asset Restructuring, as a result of which our Parent will indirectly hold a controlling interest in Taihang Cement, our Parent may need to implement certain additional measures to resolve potential competition between our cement businesses (other than Taihang Cement) and our Parent's controlling interest in Taihang Cement.

FINANCIAL EFFECT

If we acquire the Entrusted Equity Interests

If we exercise our option to acquire the Entrusted Equity Interests, we will need to pay consideration for the purchase of the Entrusted Equity Interests in an amount equal to at least 90.0% of the total appraised value of the Entrusted Equity Interests as approved by the Beijing SASAC. Since currently we have financial control of Taihang Huaxin and are entitled to any dividends it pays with respect to the Entrusted Equity Interests, there is not expected to be any financial effect on our Group upon completion of the acquisition of the Entrusted Equity Interests other than payment by us of the purchase price. Since Taihang Huaxin currently is accounted for as a subsidiary of the Company, after acquiring the Entrusted Equity Interests, our accounting treatment with respect to Taihang Huaxin will remain the same, except that the minority interest in our Group's accounts attributable to our Parent's 61.67% interests in Taihang Huaxin will no longer be present.

If we do not acquire the Entrusted Equity Interests

If we do not exercise our option to acquire the Entrusted Equity Interests but we continue to allow the automatic renewal of the Taihang Huaxin Entrustment Agreement, we will continue to be entitled to any dividends paid by Taihang Huaxin with respect to the Entrusted Equity Interests and Taihang Huaxin will continue to be accounted for as a subsidiary of the Company.

If we terminate the Taihang Huaxin Entrustment Agreement without exercising our option to acquire the Entrusted Equity Interests, we will no longer be entitled to any dividends paid with respect to the Entrusted Equity Interests. In addition, Taihang Huaxin will no longer be accounted for as a subsidiary of our Company as we would then control only 33.33% of Taihang Cement's equity interests rather than 95.0%. As a result, the items of income, expenses, assets and liabilities of Taihang Huaxin will no longer be consolidated line by line into our Group's consolidated accounts. However, because the Group would continue to hold a 33.33% direct equity interest in Taihang Huaxin, the 33.33% of the results of Taihang Huaxin attributable to our Group would be accounted for as "share of profits and losses of an associate" on the consolidated income statement of the Group and the Group's 33.33% share of the net assets of Taihang Huaxin would be accounted for as "interest in an associate" on the consolidated statement of financial position of the Group.

Our Company has entered into certain agreements with entities that will become our connected persons (as defined under Chapter 14A of the Listing Rules) after the Listing, and such agreements will constitute connected transactions or continuing connected transactions of our Company under the Listing Rules.

The following is a summary of our connected transactions following the Listing, and the relevant waivers sought:

Transaction	Our Group member	Connected person	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
Exempted continuing connected transactions						
1. Trademarks Licence Agreement	Our Company	Parent	Our Controlling Shareholder	Exempted	N/A	N/A
2. Non-Competition Agreement	Our Company	Parent	Our Controlling Shareholder	Exempted	N/A	N/A
3. Patent licence agreement	Beijing Architectural	Bai Shujun (白樹軍)	Director of our subsidiary	Exempted	N/A	N/A
4. Sub-contracting arrangement with respect to Beizhuan	Xiang Brand Walling	Sinopec	Substantial shareholder of our subsidiary	Exempted	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the sub-contracting fee we received amounted to approximately RMB1.0 million, RMB1.0 million, RMB1.0 million and nil, respectively.	N/A
5. Entrustment arrangement with respect to Taihang Huaxin	Our Company	Parent	Our Controlling Shareholder	Exempted	N/A	N/A
6. Entrustment arrangement with respect to Zanhuang Cement	Our Company	Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司)	Substantial shareholder of our subsidiary	Exempted	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the entrustment fee we incurred amounted to approximately nil, nil, RMB7.2 million and RMB1.8 million, respectively.	N/A
7. Leasing of property to Tongda Refractory	BJ Ceramics	Tongda Refractory	Our non-wholly owned subsidiary with 10.0% or more voting right held by our Promoter's associates	Exempted	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the rental we received amounted to approximately RMB5.6 million, RMB5.6 million, RMB5.2 million and RMB1.6 million, respectively.	N/A

Transaction	Our Group member	Connected person	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
8. Provision of service	Jinhuyuan Property Management	Beijing Furniture Co., Ltd (北京市家具公司)	Subsidiary of our Controlling Shareholder	Exempted	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the service fees we received amounted to approximately RMB3.3 million, RMB4.6 million, RMB6.2 million and RMB0.7 million, respectively.(1)	N/A
	BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司)	Beijing Pinggu	Subsidiary of our Controlling Shareholder			
	Beijing BPCP-Sanbei Energy Power Machinery Co., Ltd (北京北陶三北能源動力機械有限公司)	Tongda Refractory	Our non-wholly owned subsidiary with 10.0% or more voting right held by our Promoter's associates			
	BJ Ceramics	Parent	Our Controlling Shareholder			
9. Guarantees provided by our Company for loan facilities granted to Tongda Refractory	Our Company	Tongda Refractory	Our non-wholly owned subsidiary with 10.0% or more voting right held by our Promoter's associates	Exempted	N/A	N/A

Non-exempted continuing connected transactions

Transaction	Our Group member	Connected person	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
10. Leasing of properties from the Parent Group	Our Company	Parent	Our Controlling Shareholder	Announcement requirement	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the rental we paid amounted to approximately RMB4.2 million, RMB4.7 million, RMB7.1 million and RMB2.3 million, respectively.	For the years ending 31 December 2009, 2010 and 2011, the annual caps are RMB8.8 million, RMB9.3 million and RMB9.6 million, respectively.
	BBMG Cement Sales Company (北京金隅股份有限公司水泥分公司)	Beijing Building Materials Sales Centre (北京市建築材料銷售中心)	Subsidiary of our Controlling Shareholder			
	BBMG Cement Trading Co., Ltd (北京金隅水泥經貿有限公司)	Beijing Longshuncheng Chinese Style Furniture Factory (北京市龍順成中式家具廠)	Subsidiary of our Controlling Shareholder			
	BBMG Logistics	Beijing Oakland Building Waterproofing Materials Co., Ltd. (北京奧克蘭建築防水材料有限公司)	Subsidiary of our Controlling Shareholder			
	Beijing GEM	Beijing Doors and Windows Co. Ltd. (北京市門窗有限公司)	Subsidiary of our Controlling Shareholder			
	BBMIEC	Parent	Our Controlling Shareholder			
	Xinbeishui	Parent	Our Controlling Shareholder			
	BBMG Mangrove-Environmental	Parent	Our Controlling Shareholder			

Transaction	Our Group member	Connected person	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
	BBMG Fengshan Resort	Parent	Our Controlling Shareholder			
	BBMG Concrete	Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司)	Subsidiary of our Controlling Shareholder			
11. Entrustment arrangement with respect to Dingxin Cement	Our Company	China National Complete Plant Import & Export Corp. Ltd. (中成進出口股份有限公司)	Substantial shareholder of our subsidiary	Announcement requirement	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, we incurred approximately nil, nil, RMB10.2 million and RMB2.6 million, respectively, as entrustment fee.	For the years ending 31 December 2009, 2010 and 2011, the annual caps are RMB10.3 million.
12. Provision of technical services	Liulihe Cement	Sinoma International	Subsidiary of our Promoter	Announcement requirement	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the service fees we received amounted to approximately nil, RMB1.5 million, RMB26.6 million and RMB1.8 million, respectively.	For the years ending 31 December 2009 and 2010, the annual caps are RMB59.1 million and RMB21.8 million, respectively.
13. Purchase of services	BBMG Property Management	Beijing Yuandongjiemei Service Co., Ltd. (北京遠東潔美服務公司)	Subsidiary of our Controlling Shareholder	Announcement requirement	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, the service fees we paid amounted to approximately RMB6.6 million, RMB10.5 million, RMB34.9 million and RMB0.8 million, respectively.[1]	For the years ending 31 December 2009, 2010 and 2011, the annual caps are RMB10.9 million, RMB10.2 million and RMB10.6 million, respectively.
		Beijing Building Materials Boiler Installation Co., Ltd. (北京建材鍋爐安裝有限責任公司)	Subsidiary of our Controlling Shareholder			
	Beijing GEM	Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司)	Subsidiary of our Controlling Shareholder			
	BSBM	Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司)	Subsidiary of Our Controlling Shareholder			
	Jinhuyuan Property Management	Beijing Yuandongjiemei Services Co., Ltd. (北京遠東潔美服務公司)	Subsidiary of our Controlling Shareholder			
	Our Group	Beijing Building Materials Boiler Installation Co., Ltd. (北京建材鍋爐安裝有限責任公司)	Subsidiary of our Controlling Shareholder			
	Our Company	Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee (中國共產黨北京建築材料集團總公司委員會黨校)	Under the supervision of our Controlling Shareholder			
	Our Group	Badaling Travel	Subsidiary of our Controlling Shareholder			
	BBMG Jiahua Property Management Co., Ltd. (北京金隅嘉華物業管理有限責任公司)	Beijing Yuandongjiemei Services Co., Ltd. (北京遠東潔美服務公司)	Subsidiary of our Controlling Shareholder			

Transaction	Our Group member	Connected person	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
14. Renovation Project	Xisanqi High-Tech Building Materials	Parent	Our Controlling Shareholder	Announcement requirement	N/A	For each of the two years ending 31 December 2010, the annual cap is RMB35.0 million.
15. Sale of goods to Sinoma International	Tongda Refractory	Sinoma International	Subsidiary of our Promoter	Announcement requirement	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, we received approximately RMB28.0 million, RMB34.3 million, RMB37.0 million and RMB8.6 million, respectively.	For the years ending 31 December 2009, 2010 and 2011, the annual caps are RMB58.0 million, RMB75.0 million and RMB90.0 million, respectively.
16. Sale of goods	BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司)	Beijing Pinggu	Subsidiary of our Controlling Shareholder	Announcement requirement	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, we received approximately RMB34.0 million, RMB94.8 million, RMB165.3 million and RMB9.0 million, respectively.[1]	For the years ending 31 December 2009, 2010 and 2011, the annual caps are RMB50.5 million RMB53.0 million and RMB56.4 million, respectively.
	Tongda Refractory	Beijing Pinggu	Subsidiary of our Controlling Shareholder			
	Tiantan Furniture	Badaling Travel	Subsidiary of our Controlling Shareholder			
	BSBM	Beijing Saiyi Colour Board Profile Co., Ltd. (北京賽易彩板型材有限責任公司)	Subsidiary of our Controlling Shareholder			
17. Purchase of goods	BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司)	Beijing Pinggu	Subsidiary of our Controlling Shareholder	Announcement and shareholders' approval requirements	For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, we paid approximately RMB169.7 million, RMB249.9 million, RMB251.0 million and RMB33.8 million, respectively.[1]	For the years ending 31 December 2009, 2010 and 2011, the annual caps are RMB203.4 million, RMB209.4 million and RMB226.0 million, respectively.
	Liulihe Cement	Beijing Xinshan Mineral Industry Co., Ltd. (北京鑫山礦業有限責任公司)[2]	Subsidiary of our Controlling Shareholder			
		Zhongyou Lantian Fuel Oil Sales Co., Ltd (中油藍天燃油銷售有限公司)	Associate of our Controlling Shareholder			
		Tongda Refractory	Our non-wholly owned subsidiary with 10% or more voting right held by our Promoter's associates			
	Zanhuang Cement	Tongda Refractory	Our non-wholly owned subsidiary with 10% or more voting right held by our Promoter			

Transaction	Our Group member	Connected person	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
	Bulangni	Beijing Xinyuan Mineral Industry Co., Ltd. (北京新元礦業有限責任公司)(2)	Subsidiary of our Controlling Shareholder			
		Zhongyou Lantian Fuel Oil Sales Co., Ltd. (中油藍天燃油銷售有限公司)	Associate of our Controlling Shareholder			
	BBMG Concrete	Zhongyou Lantian Fuel Oil Sales Co., Ltd. (中油藍天燃油銷售有限公司)	Associate of our Controlling Shareholder			
	Dingxin Cement	Tongda Refractory	Our non-wholly owned subsidiary with 10% or more voting right held by our Promoter's associates			
	Xinbeishui	Tongda Refractory	Our non-wholly owned subsidiary with 10% or more voting right held by our Promoter's associates			
	Dachang BBMG	Beijing Nanhu Business Development Co., Ltd. (北京市南湖商務有限公司)	Subsidiary of our Controlling Shareholder			

Notes:

(1) The historical amounts include the transactions between our Group and other members of the Parent Group. Please refer to the relevant transaction in this section for further details.

(2) Despite both Beijing Xinshan Mineral Industry Co., Ltd. (北京鑫山礦業有限責任公司) and Beijing Xinyuan Mineral Industry Co. Ltd. (北京新元礦業有限責任公司) having ceased operations in September 2007 and July 2008, respectively, it is anticipated that the limestone extracted prior to that time is sufficient to satisfy our anticipated purchase amounts for the years ended 31 December 2009 and 2010. Our Group will purchase the majority of the limestone it needs from other sources during this time frame.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Trademarks Licence Agreement

We will continue to use certain trademarks owned by our Parent Group after the Listing. On 8 July 2009, we entered into a trademarks licence agreement (the "**Trademarks Licence Agreement**") with our Parent whereby our Parent granted us a non-exclusive right to use the trademarks set out in *"Appendix VIII — Statutory and General Information — Further Information About the Business — Intellectual property — Trademarks"* (the "**Licensed Trademarks**") in this prospectus. Pursuant to the Trademarks Licence Agreement, the Licensed Trademarks will be licensed at a nominal consideration of RMB1 per year for a term commencing on 8 July 2009 and expiring on 31 December 2011. During the term of the Trademarks Licence Agreement, our Parent Group is allowed to use the Licensed Trademarks in business that does not compete with us. Our Parent is not allowed to grant to a third party the use of the Licensed Trademarks or use the Licensed Trademarks in businesses that compete with us unless with our prior written consent. Within three months before the expiration date of the agreement, we have the right to renew the term of the agreement subject to the requirements of the Listing Rules and a prior written notice given to our Parent. The renewed term should not be longer than three years. The terms (including the licence fee) of the renewed term are to be further negotiated and agreed by the parties, and the parties agree to comply with the requirements of the Listing Rules on connected transactions with respect to the new terms.

We will use the Licensed Trademarks within the scope specified in the Trademarks Licence Agreement. We have undertaken to use the Licensed Trademarks in a proper way and to maintain and protect the image and reputation of the Licensed Trademarks. We may sub-license the Licensed Trademarks to our subsidiaries and associates.

Non-Competition Agreement

We entered into a Non-Competition Agreement with our Parent pursuant to which our Parent agreed not to compete with us in our core business. For details of the Non-Competition Agreement, see "*Relationship with Controlling Shareholder — Competition — Non-Competition Agreement*".

The Non-Competition Agreement was entered into prior to and solely in connection with the Global Offering, and does not involve any monetary consideration.

Patent licence agreement

On 27 May 2008, Beijing Architectural entered into three patent assignment agreements with Bai Shujun (白樹軍), a director and manager of Beijing Architectural. Pursuant to these agreements, Mr. Bai assigned to Beijing Architectural three patents registered in his name, namely, one for paint for building frameworks (patent number: ZL02117469.5), one for a type of fire-resistive structural steel used for buildings (patent number: ZL02235777.7) and one for fire-resistive paint for structural steel used for buildings (patent number: ZL02117470.9). For details, see "*Appendix VIII — Statutory and General Information — Further Information about the Business — Intellectual property — Patents*". According to applicable PRC law, the assignment is effective upon registration with the State Intellectual Property Office, which, as at the Latest Practicable Date, has not been completed.

On 27 May 2008, Beijing Architectural entered into a patent licence agreement with Mr. Bai, pursuant to which Mr. Bai granted Beijing Architectural an exclusive right to use the aforementioned three patents for nil consideration. Mr. Bai is a director of our subsidiary and, therefore, a connected person under the Listing Rules. The patent licence agreement constitutes a connected transaction under the Listing Rules.

Sub-contracting arrangement with respect to Beizhuan

On 30 August 2005, Beijing No.1 Concrete Product Plant (北京市混凝土製品一廠) (renamed as Xiang Brand Walling) entered into a sub-contracting agreement with Sinopec (the "**Sub-contracting Agreement**").

Pursuant to the Sub-contracting Agreement, Xiang Brand Walling sub-contracted the management and operation of Beizhuan to Sinopec. Xiang Brand Walling is our wholly owned subsidiary. Beizhuan is a company established in the PRC, which operates a gas station and is held by Xiang Brand Walling as to 62.5% and Sinopec as to 37.5%. Sinopec is a substantial shareholder of our subsidiary, and therefore our connected person under the Listing Rules, and the Sub-contracting Agreement constitutes a connected transaction under the Listing Rules.

The term of the Sub-contracting Agreement is for 20 years commencing on 1 September 2005. We will receive a sub-contracting fee of RMB1.0 million per year and the sub-contracting fee will increase by 10.0% based on the then sub-contracting fee upon the expiry of every five-year period.

During the sub-contracting period, Sinopec has agreed to maintain a profit in Beizhuan and will compensate Xiang Brand Walling for any loss incurred. Should the loss of Beizhuan amount to more than RMB1.0 million, Xiang Brand Walling is entitled to terminate the Sub-contracting Agreement. Xiang Brand Walling will not be responsible for any loss and liabilities of Beizhuan.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, the sub-contracting fee we received amounted to approximately RMB1.0 million, RMB1.0 million, RMB1.0 million and nil, respectively, representing approximately 0.02%, 0.01%, 0.01% and nil of our total revenue for the corresponding periods.

For the three years ending 31 December 2011, we will receive sub-contracting fees in the amount of approximately RMB1.0 million, RMB1.1 million and RMB1.1 million, respectively.

Sinopec's principal business includes trading of crude oil, natural gas and refined oil products. With Sinopec's expertise and position in the crude oil and gas industries, the Sub-contracting Agreement will enhance Beizhuan's operating efficiency and maximise its economic benefit. The Directors are of the view that it would benefit our Company and Shareholders as a whole to continue the Sub-contracting Agreement with Sinopec after the Listing.

Entrustment arrangement with Taihang Huaxin

We entered into the Taihang Huaxin Entrustment Agreement with our Parent with respect to Taihang Huaxin. For details of this entrustment arrangement, see "*Relationship with Controlling Shareholder — Entrustment Agreement in respect of Taihang Huaxin*".

Pursuant to the term of Taihang Huaxin Entrustment Agreement, no consideration will be payable to our Parent if we decide to renew the Taihang Huaxin Entrustment Agreement after expiry of the three-year term commencing from 6 August 2008.

Entrustment arrangement with respect to Zanhuang Cement

Pursuant to an entrustment agreement dated 11 December 2007, Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司) agreed to entrust its 13.33% equity interest in Zanhuang Cement to us for a period of two years from the date it completed its capital contribution obligation, which was 20 February 2008. In lieu of profit distribution attributable to its equity interest, Hebei Tiantashan Building Materials Co., Ltd. agreed to receive an entrustment fee of RMB7.2 million per year, which was determined based on the value of the capital contribution it made to Zanhuang Cement in an amount of RMB40.0 million multiplied by 18.0%, being the fixed entrustment return rate taking into account the estimated increase in the corporate value of Zanhuang Cement and the prevailing interest rate for bank loans at the relevant time. Hebei Tiantashan Building Materials Co., Ltd. also agreed that we have the right to exercise all the rights attached to the equity interest (including the right of dividend, voting right and right to nominate directors and supervisors). After the entrustment period, we have agreed to acquire the 13.3% equity interest at a consideration of RMB40.0 million, representing the capital contribution made by Hebei Tiantashan Building Materials Co., Ltd. upon the establishment of Zanhuang Cement. Such acquisition, where applicable, will be subject to the disclosure and approval requirements under the Listing Rules, and no application for waiver has been made for such acquisition. For details, see "*History, Reorganisation and Group Structure — Corporate Chart*".

For the three years ended 31 December 2008 and the three months ended 31 March 2009, the entrustment fee payable to Hebei Tiantashan Building Materials Co., Ltd. amounted to approximately nil, nil, RMB7.2 million and RMB1.8 million, respectively.

For the year ending 31 December 2009, the entrustment fee payable to Hebei Tiantashan Building Materials Co., Ltd. for the remainder of the entrustment period will be approximately RMB7.2 million.

Hebei Tiantashan Building Materials Co., Ltd. is a substantial shareholder of Zanhuang Cement and therefore a connected person under the Listing Rules. The entrustment agreement constitutes a connected transaction under the Listing Rules.

Leasing of property to Tongda Refractory

Tongda Refractory has been leasing from BJ Ceramics the premises situated in Haidian District, Beijing for operation and research throughout the Track Record Period. Pursuant to a lease contract dated 28 December 2008, BJ Ceramics agreed to lease to Tongda Refractory the aforementioned premises with an aggregate GFA of approximately 37,167 sq.m. for operation and research for an annual rent of RMB5.2 million. The lease contract is for a term of one year from 1 January 2009 to 31 December 2009.

Savills Professional Services, an independent valuer, has confirmed that the rent payable under the lease contract is fair and reasonable.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, we received rent of approximately RMB5.6 million, RMB5.6 million, RMB5.2 million and RMB1.6 million, respectively from Tongda Refractory for leasing the aforementioned premises.

Tongda Refractory, our subsidiary, is owned as to more than 10% by Sinoma's associates. The lease contract constitutes a connected transaction under the Listing Rules.

Provision of services

We (including our subsidiaries) have been providing to our Parent Group and Tongda Refractory services such as conference, property management, design of factories and cement sales distribution. After the Listing, we (including our subsidiaries) will continue to provide some of these services to our Parent Group and Tongda Refractory.

In this regard, on 8 July 2009, we (for ourselves and on behalf of our subsidiaries) entered into a service provision agreement with each of our Parent (for itself and on behalf of its subsidiaries and associates) and Tongda Refractory, respectively (together, the "**Service Provision Agreements**"), whereby we (including our subsidiaries) agreed to provide services such as property management and cement sales distribution to each of our Parent Group (including its associates) and Tongda Refractory.

Each of the Service Provision Agreements is for a term commencing on the Listing Date and expiring on 31 December 2011. Pursuant to the Service Provision Agreements, we (including our subsidiaries) will provide services to our Parent Group (including its associates) and Tongda Refractory, respectively, on terms equivalent to those we offer to independent third parties.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, the service fees received by us (that is, Beijing Jiandu, Beijing Jiantuo Engineering Management Co., Ltd. (北京建拓工程管理有限責任公司), Jinhuyuan Property Management, Beijing Yongleju Property Management Co., Ltd. (北京永樂居物業管理有限公司), Beijing Partner International Hotel and Resort Management Co., Ltd. (北京博特納國際酒店管理有限公司), Beijing BPCP-Sanbei Energy Power Machinery Co., Ltd. (北京北陶三北能源動力機械有限公司), BBMIEC, BBMG Cement Sales Company (北京金隅股份有限公司水泥分公司) and BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司)) from our Parent, Beijing Furniture Co., Ltd. (北京市傢俱公司), Beijing Longfengshan Sands and Stone Factory (北京市龍鳳山砂石廠), Beijing Building Materials Industry School (北京市建築材料工業學校), Beijing Jinxiangzhicheng Management Consulting Co., Ltd. (北京金翔智誠管理諮詢有限公司), Badaling Travel, Beijing Yanshan, Beijing Pinggu, Beijing Building Materials Group Corporation Industrial & Commerce Development Co., Ltd. (北京建築材料集團總公司實業發展公司), Beijing Bio-Island Science and Technology Co., Ltd. (北京市生態島科技有限責任公司), and Beijing Longshuncheng Chinese Style Furniture Factory (北京市龍順成中式傢俱廠), of the Parent Group, and Tongda Refractory amounted to approximately RMB3.3 million, RMB4.6 million, RMB6.2 million and RMB0.7 million, respectively, representing approximately 0.05%, 0.06%, 0.07% and 0.03% of our total revenue for the corresponding periods.

The decrease in the service fees we received from the Parent Group and Tongda Refractory from 2006 to 2007 was mainly due to the fact that (i) we have not provided advertising services to Beijing Longfengshan Sands and Stone Factory since 2007; the advertising services provided to Beijing Longfengshan Sands and Stone Factory amounted to approximately RMB0.7 million in 2006, and (ii) the advertising fees that we received from our Parent in 2006 were approximately RMB0.4 million and subsequently decreased to approximately RMB4,000 in 2007.

During the Track Record Period, Beijing Yanshan sold cement to our Group and our Group distributed the cement to customers. Beijing Yanshan paid distribution service fees to us based on the amount of cement we distributed. We will not provide cement sales distribution services to Beijing Yanshan after the Listing as Beijing Yanshan ceased operation in July 2008 and its cement inventory was sold out in December 2008. From 2007, we also provided cement sales distribution services to Beijing Pinggu. For details of the distribution arrangements with Beijing Pinggu, see "*Relationship with Controlling Shareholder — Competition — Our Parent's Retained Businesses — Beijing Pinggu — Beijing Pinggu Distribution Agreement*".

The significant increase in the service fees we received from the Parent Group and Tongda Refractory from 2007 to 2008 was mainly due to the sales distribution services for cement provided by us (including our subsidiaries) to Beijing Pinggu of approximately RMB2.2 million, starting in 2008.

The following are the estimated consideration for our provision of services for the three years ending 31 December 2011:

Year ending 31 December 2009	Year ending 31 December 2010	Year ending 31 December 2011
	(in RMB)	
7.1 million	7.1 million	7.1 million

We made the above estimates of consideration based on historical figures and expected growth in demand for our cement sales distribution services. The fees paid to us from 2008 to 2009 is expected to increase because starting from 2009, BJ Ceramics will provide property management service for BBMG Landao Building in the amount of approximately RMB0.6 million per year.

Guarantees provided by the Company for loan facilities granted to Tongda Refractory

Our Company has executed (a) a guarantee dated 28 July 2008 in favour of Huaxia Bank, Beijing Hepingmen Branch for Tongda Refractory's repayment obligation for loan facilities in an aggregate amount of RMB20.0 million for the period from 14 July 2008 to 14 July 2009, and (b) a guarantee dated 3 November 2008 in favour of China Minsheng Banking Corporation Limited for Tongda Refractory, Liulihe Cement, BBMG Mangrove Environmental and BSBM's repayment obligation for loan facilities in the aggregate amount of RMB60.0 million for the period from 3 November 2008 to 3 November 2009. Our Company received no consideration for the provision of these guarantees by our Company. It is common practice in the PRC for lending banks to require the provision of corporate guarantees or other forms of security from a borrower's controlling shareholders. It is also common practice for a company within the group to provide guarantees and security in respect of bank loans of another member of the same group.

As at the Latest Practicable Date, Tongda Refractory had repaid in full all such loan facilities. In addition, it had undertaken that it would not draw down further under any such loan facilities. Our PRC legal adviser has advised that since Tongda Refractory no longer has any outstanding repayment obligations under these loan facilities and that by virtue of the aforementioned undertaking, it cannot further draw down under any of these facilities, there is no longer any outstanding guarantee obligations on the Company's part with respect to the loan facilities granted to Tongda Refractory. Accordingly, our Company's financial exposure in relation to these guarantees in respect of loan facilities granted to Tongda Refractory is nil. Although the relevant loan facilities have been repaid in full, these two guarantees have not been released as at the Latest Practicable Date. The guarantee granted in favour of Huaxia Bank is expected to be released in July 2009 upon the expiration of the guarantee period. The guarantee granted in favour of China Minsheng Banking Corporation Limited will not be released prior to the Listing as such guarantee also includes the guarantee of outstanding bank loans granted to other subsidiaries of our Company, namely Liulihe Cement, BBMG Mangrove Environmental and BSBM, which will subsist after the Listing.

Exemption from Reporting, Announcement and Independent Shareholders' Approval

We estimate that the aggregate annual consideration under each of the transactions referred to under "*Connected Transactions — Exempted Continuing Connected Transactions*" above is less than 0.1% of each of the percentage ratios (other than the profits ratio) under Rule 14A.31(2)(a) of the Listing Rules. In addition, these connected transactions are on normal commercial terms or terms that are more favourable to us. Therefore, they are exempted from all reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(a) of the Listing Rules.

NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Leasing of properties from the Parent Group

We (for ourselves and on behalf of our subsidiaries) have entered into a master lease agreement with our Parent (for itself and on behalf of its subsidiaries and associates) on 8 July 2009 (the "**Master Lease Agreement**"), with respect to leasing of the following properties for the following approximate amount of rents:

	Landlord	Tenant	Property	Term	Use	2006 Annual rental (RMB)	2007 Annual rental (RMB)	2008 Annual rental (RMB)	2009 Annual rental (RMB)	2010 Annual rental (RMB)	2011 Annual rental (RMB)
1.	Parent	Our Company	No.129 Xuanwumen Dajie, Xicheng District, Beijing	1 Jan. 2009- 31 Dec. 2011	Office	1,000,000	1,000,000	520,000	520,000	520,000	520,000
2.	Parent	BBMIEC	No. 129 Xuanwumen Dajie, Xicheng District, Beijing	1 Jan. 2009- 31 Dec. 2011	Office	Nil	Nil	200,000	200,000	200,000	200,000
3.	Beijing Building Materials Sales Centre (北京市建築材料銷售中心)	BBMG Cement Sales Company (北京金隅股份有限公司水泥分公司)	No. 64 Yongdingmenwai Dajie, Chongwen District, Beijing	1 Jan. 2009- 31 Dec. 2011	Office	1,843,000	1,250,000	600,000	950,000	950,000	950,000
4.	Beijing Building Materials Sales Centre (北京市建築材料銷售中心)	BBMG Cement Sales Company (北京金隅股份有限公司水泥分公司)	No. 64 Yongdingmenwai Dajie, Chongwen District, Beijing	1 Jan. 2009- 30 Apr. 2009	Canteen	Nil	100,000	100,000	33,000	Nil	Nil
5.	Beijing Longshuncheng Chinese Style Factory (北京市龍順成中式家具廠)	BBMG Cement Trading Co., Ltd (北京金隅水泥經貿有限公司)	No. 64 Yongdingmenwai Dajie, Chongwen District, Beijing	1 May 2009- 31 Dec. 2011	Canteen	Nil	Nil	Nil	67,000	100,000	100,000
6.	Beijing Oakland Building Waterproofing Materials Co., Ltd. (北京奧克蘭建築防水材料有限公司)	Beijing Logistics	No. 1 Jiujingzhuang, Fengtai District, Beijing	1 Jan. 2009- 31 Dec. 2011	Storage	Nil	568,000	624,000	749,000	999,000	1,248,000
7.	Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司)	Beijing GEM	Gaoyangshu, Chaoyang District, Beijing	1 Jan. 2009- 31 Dec. 2011	Factory, ancillary facilities	Nil	373,000	373,000	373,000	373,000	373,000
8.	Parent[(1)]	Xinbeishui	East of Beixiaoying Village, Machikou Town, Changping District, Beijing	1 Jan. 2009- 31 Dec. 2011	Office, operations	Nil	Nil	3,280,000	3,280,000	3,280,000	3,280,000
9.	Parent[(1)]	BBMG Mangrove Environmental	East of Beixiaoying Village, Machikou Town, Changping District, Beijing	1 Jan. 2009- 31 Dec. 2011	Office, operations	574,000	574,000	574,000	574,000	574,000	574,000
10.	Parent[(1)]	BBMG Fengshan Resort	Yingfang Village, Nanshao Town, Changping District, Beijing	1 Jan. 2009- 31 Dec. 2011	Office, operations	797,000	797,000	797,000	797,000	797,000	797,000
11.	Beijing Xisha Assets Management Co., Ltd.[(2)] (北京西砂資產經營有限公司)	BBMG Concrete	No. 18, Shashichang Road, Haidian District, Beijing	1 Mar. 2009- 31 Dec. 2011	Office, operations	Nil	Nil	Nil	1,250,000	1,500,000	1,500,000
					Total:	4,214,000	4,662,000	7,068,000	8,793,000	9,293,000	9,542,000

Notes:

(1) Beijing Cement Plant was previously the landlord in respect of the aforementioned properties. Pursuant to the equity transfer agreement dated 17 November 2008, our Parent agreed to transfer all of its equity interest (30.77%) in Beijing Cement Plant to Beijing Dacheng Real Estate Development Corporation (北京大成房地產開發總公司) at nil consideration. The transfer was approved by Beijing SASAC on 15 December 2008. For further details, see "*History, Reorganisation and Group Structure — Our Principal Subsidiaries*".

(2) As at the Latest Practicable Date, Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司) had not obtained the land use rights certificate for the subject property. However, it has signed the land grant contract and paid 20% of the land premium. Our PRC legal adviser is of the view that there is no legal impediment for Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司) to obtain the land use rights certificate and that the lease is valid, binding and enforceable.

The properties under the Master Lease Agreement have been rented to our Group for office and operational use before the Reorganisation. The buildings of which these properties form part were not injected into our Group in the Reorganisation. To avoid any disturbance of our operations if we relocate our office and operations, we will continue the leases after the Listing.

The Master Lease Agreement is for a term commencing on the Listing Date and expiring on 31 December 2011. Pursuant to the Master Lease Agreement, the Parent Group (including its associates) has agreed to lease the properties to the Group at the rent based on: (a) a rent fixed by the PRC Government, (b) if there is no rent fixed by the PRC Government, a rent proposed by the PRC Government, (c) if there is no rent proposed by the PRC Government, the market rent, or (d) if all the above are inapplicable, a rent agreed by the Company and our Parent.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, the rents we paid in respect of the above mentioned properties amounted to approximately RMB4.2 million, RMB4.7 million, RMB7.1 million and RMB2.3 million, respectively, representing approximately 0.08%, 0.07%, 0.11% and 0.14% of our total cost of sales for the corresponding periods.

For the three years ending 31 December 2011, the rents payable in respect of the above mentioned properties will be approximately RMB8.8 million, RMB9.3 million and RMB9.6 million, respectively.

The rents payable by us to our Parent Group under the Master Lease Agreement are determined at arms' length, by reference to market rates and on normal commercial terms. Savills Professional Services, an independent valuer, has confirmed that the rents payable by our Group under the Master Lease Agreement are fair and reasonable.

Entrustment arrangement with respect to Dingxin Cement

Pursuant to an equity interest transfer agreement dated 21 March 2007 in relation to the transfer of 77.7% equity interest in Dingxin Cement, Beijing Huaye agreed to entrust its remaining 20.0% equity interest to us until such time as we acquire that interest. Both parties further agreed that, for the period commencing on the first anniversary of the completion date of the transfer of 77.7% equity interest, which took place on 25 April 2007, and expiring on the fifth anniversary of the completion date (i) a put option is granted to Beijing Huaye, pursuant to which we will acquire the said interest, and (ii) a call option is granted to us for the same equity interest. The consideration for any transfer shall be determined in accordance with PRC laws or based on the consideration given for the transfer of 77.7% equity interest.

On 21 March 2007, Beijing Huaye and we entered into an entrustment agreement (the "**Dingxin Cement Entrustment Agreement**") pursuant to which Beijing Huaye agreed to receive an entrustment fee of not less than RMB10.24 million per year from us in lieu of profit distribution attributable to the entrusted equity interest. The amount of the entrustment fee was determined based on 20.0% of the valuation of Dingxin Cement as at the date of the entrustment agreement, multiplied by 7.0%, which was the prevailing interest rate for bank loans at the time. Beijing Huaye also agreed that we have the right to exercise all the rights attached to the equity interest, apart from the legal title to its interest, the right to entrustment fee and the right to dispose of its interest. According to our PRC legal adviser, China National Complete Plant Import & Export Corp. Ltd. assumed the rights and responsibilities of Beijing Huaye under the entrustment agreement. For details, see "*History, Reorganisation and Group Structure — Corporate Chart*". We intend to exercise our call option to acquire the entrusted equity interest within two years from the Listing. Such acquisition will, where applicable, be subject to the disclosure and approval requirements under the Listing Rules, and no application for waiver has been made for such acquisition.

Pursuant to a supplemental agreement dated 24 December 2007 between China National Complete Plant Import & Export Corp. Ltd. and us, the parties agreed that the annual entrustment fee payment shall be calculated starting from 1 January 2008.

For the year ended 31 December 2008 and the three months ended 31 March 2009, the entrustment fee payable to China National Complete Plant Import & Export Corp. Ltd. amounted to approximately RMB10.2 million and RMB2.6 million, respectively.

For each of the three years ending 31 December 2011, the entrustment fee payable to China National Complete Plant Import & Export Corp. Ltd. will be approximately RMB10.3 million.

China National Complete Plant Import & Export Corp. Ltd. is a substantial shareholder of Dingxin Cement and therefore a connected person under the Listing Rules. The Dingxin Cement Entrustment Agreement and the call and put options constitute connected transactions under the Listing Rules.

Provision of technical services

Our subsidiary, Liulihe Cement, has been providing to Sinoma International technical services by sending cement technical support staff to test the cement production lines of its clients in Saudi Arabia since 2006. On 2 February 2008, Liulihe Cement entered into a technical services agreement with Sinoma International (the "**Technical Services Agreement**") for the provision of technical services. Sinoma International is a subsidiary of Sinoma, a Promoter of us, and thus the provision of technical services after the Listing constitutes a connected transaction under the Listing Rules.

The Technical Services Agreement is for a term of two years commencing on 1 March 2008 and Sinoma International will pay to Liulihe Cement a total sum of approximately RMB107.3 million for its technical services, which comprised the general testing fee of approximately RMB6.0 million and the testing fee for two production lines, cement grinding and a package workshop in the amount of approximately RMB101.3 million.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, the service fees paid by Sinoma International to Liulihe Cement amounted to approximately nil, RMB1.5 million, RMB26.6 million and RMB1.8 million, respectively, representing approximately nil, 0.02%, 0.31% and 0.08% of our total revenue for the corresponding periods.

The following are the estimated annual caps for our provision of technical services for the two years ending 31 December 2010:

Year ending 31 December 2009	Year ending 31 December 2010
(in RMB)	
59.1 million	21.8 million

The demand of our technical services depends on the business plans of Sinoma International. Sinoma International has undertaken a big cement production line project in Saudi Arabia which requires our technical services. Liulihe Cement therefore entered into the Technical Services Agreement pursuant to which Sinoma International agreed to pay Liulihe Cement a total sum of approximately RMB107.3 million for its technical services. We made the above estimated annual caps based on the terms of the Technical Services Agreement.

Sinoma has been our business and strategic partner in the cement industry. The Directors are of the view that the Technical Services Agreement is beneficial to our Group because in the short term it increases our Group's source of revenue and in the long term it allows our Group to gain access to potential customers in Saudi Arabia.

The Technical Services Agreement will be subject to an announcement requirement under the Listing Rules.

Purchase of services

Our Parent Group has been providing services to us (including our subsidiaries), including consultancy (such as the preparation of feasibility studies and reports), staff training, cleaning services and certain specialised property maintenance services.

After the Listing, we (including our subsidiaries) will require consultancy (including the preparation of feasibility studies and reports), staff training services, cleaning services and certain specialised property maintenance services. Our Parent Group has been providing these services to us before the Listing. To benefit from our Parent Group's substantial experience and expertise in these aspects, we will continue to purchase these services from our Parent Group after the Listing. In this regard, we (for ourselves and on behalf of our subsidiaries) and our Parent (for itself and on behalf of its subsidiaries and associates) have entered into a service purchase agreement (the "**Service Purchase Agreement**") on 8 July 2009 whereby we (including our subsidiaries) agreed to purchase services such as consultancy (including the preparation of feasibility studies and reports), staff training, cleaning services and certain specialised property maintenance services from our Parent Group (including its associates).

The Service Purchase Agreement is for a term commencing on the Listing Date and expiring on 31 December 2011. Pursuant to the Service Purchase Agreement, our Parent Group (including its associates) has agreed to supply services to us on terms not less favorable than those our Parent Group (including its associates) would offer to independent third parties. Consideration for the transactions will be based on: (a) a price fixed by the PRC Government, (b) if there is no price fixed by the PRC Government, a price proposed by the PRC Government, (c) if there is no price proposed by the PRC Government, the market price, or, (d) if all the above prices are inapplicable, a price agreed by us and our Parent.

The service fees paid by us (that is, Beijing Gaoling, BBMG Property Management, Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司), Jinhuyuan Property Management, BBMG Mangrove Environmental, BSBM, Xunsheng Wall Materials, Beijing GEM, BBMG Jiahua Property Management Co., Ltd. (北京金隅嘉華物業管理有限責任公司), BBMG Century City, our Company and other members of our Group) to Beijing Yuandongjiemei Service Co., Ltd. (北京遠東潔美服務公司), Beijing Bio-Island Science and Technology Co., Ltd. (北京市生態島科技有限責任公司), Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司), Beijing Building Materials Boiler Installation Co., Ltd. (北京建材鍋爐安裝有限責任公司), Beijing Chaoyang New City Property Management Co., Ltd. (北京潮陽新城物業管理有限公司), Beijing

Jinxiangzhicheng Management Consulting Co., Ltd. (北京金翔智誠管理諮詢有限公司), Party School of the Communist Party of China Beijing Building Materials Group Corporation Committee (中國共產黨北京建築材料集團總公司委員會黨校), Badaling Travel and Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) of the Parent Group for the three years ended 31 December 2008 and the three months ended 31 March 2009 amounted to approximately RMB6.6 million, RMB10.5 million, RMB34.9 million and RMB0.8 million, respectively, representing approximately 0.12%, 0.16%, 0.54% and 0.05% of our total cost of sales for the corresponding periods.

The increase from 2006 to 2007 was mainly due to a feasibility consultant report prepared by the Parent Group for us, with a total service fee of approximately RMB3.0 million.

The significant increase from 2007 to 2008 was mainly due to the decoration and design services provided by Beijing Building Decoration and Design Engineering Co., Ltd. to BBMG Century City for the construction of Phase 2 of the Global Trade Centre. An amount of approximately RMB24.5 million was paid by BBMG Century City to Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) in 2008.

The following are the estimated annual caps for our purchase of services for the three years ending 31 December 2011:

Year ending 31 December 2009	Year ending 31 December 2010	Year ending 31 December 2011
	(in RMB)	
10.9 million	10.2 million	10.6 million

We made the above estimates of annual caps based on historical figures. The decrease in expected fees paid by us to the Parent Group (including its associates) from 2008 to 2009 is primarily due to us not engaging Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) for its decoration and design services during this period of time. In 2008, the service fees amounted to approximately RMB24.5 million.

The Service Purchase Agreement will be subject to an announcement requirement under the Listing Rules.

Renovation Project

Pursuant to an agreement dated 5 August 2008 between our Parent and our wholly owned subsidiary, Xisanqi High-Tech Building Materials (the "**Renovation Agreement**"), our Parent appointed Xisanqi High-Tech Building Materials to undertake the primary land development of a property located at the residential area of Xisanqi Jiancaicheng, Haidian District, Beijing, owned by our Parent (the "**Renovation Project**"). The Renovation Project includes the resettlement of existing residents, construction of new buildings and other infrastructure developments. Xisanqi High-Tech Building Materials will also be responsible for obtaining the necessary governmental approvals for the Renovation Project. Our Parent will bear all the expenses and costs of the Renovation Project including reimbursing all expenses and costs incurred by Xisanqi High-Tech Building Materials upon completion of the Renovation Project. All benefit and interest of the Renovation Project will belong to our Parent. Our Parent will indemnify us for any liabilities, penalties or fines as a result of the Renovation Project undertaken. For details, see "*Appendix VIII — Statutory and General Information — Other Information —Indemnities*".

In consideration for our services, we will receive a fee equal to 12.0% of the expenses and costs of the Renovation Project paid by our Parent provided that the renovation project is completed before 31 December 2009. Such percentage was determined by reference to the prevailing interest rate for bank loans and the time we require to complete the Renovation Project and receive reimbursements for all the expenses and costs of the Renovation Project. We expect the total service fee for the Renovation Project to be approximately RMB70.0 million, which will be paid upon completion of the Renovation Project. The Renovation Project commenced in 2005 and is expected to be completed in 2009. The Directors expect that for each of the two years ending 31 December 2010, the service fees payable by our Parent will be approximately RMB35.0 million.

Xisanqi High-Tech Building Materials has been responsible for the Renovation Project since 2005. Since Xisanqi High-Tech Building Materials has been responsible for the Renovation Project, it will continue to undertake the Renovation Project after the Listing.

The Renovation Agreement will be subject to an announcement requirement under the Listing Rules.

Sale of goods to Sinoma International

Sinoma International, whose principal business is the construction of cement production lines and is a subsidiary of Sinoma, has been purchasing refractory materials from Tongda Refractory, our subsidiary. After the Listing, as Sinoma International will require refractory materials for its operations, the transactions between us and Sinoma International will continue.

On 8 July 2009, Tongda Refractory entered into a master sale of goods agreement with Sinoma International (the "**Sinoma International Goods Sales Agreement**"), pursuant to which Tongda Refractory has agreed to sell refractory materials and other raw materials and products, as agreed between the parties from time to time, to Sinoma International. The Sinoma International Goods Sales Agreement is for a term commencing on the Listing Date and expiring on 31 December 2011. Pursuant to the Sinoma International Goods Sales Agreement, Tongda Refractory has agreed to sell goods to Sinoma International on terms that are equivalent to those offered by Tongda Refractory to independent third parties. The consideration of the transactions will be based on: (a) a price fixed by the PRC Government, (b) if there is no price fixed by the PRC Government, the price proposed by the PRC Government, (c) if there is no price proposed by the PRC Government, the market price, or, (d) if all the above prices are inapplicable, the price agreed to by Tongda Refractory and Sinoma International.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, the fees received by Tongda Refractory amounted to approximately RMB28.0 million, RMB34.3 million, RMB37.0 million and RMB8.6 million, respectively, representing approximately 0.4%, 0.4%, 0.4% and 0.4% of our total revenue for the corresponding periods.

The demand of refractory materials by Sinoma International, which is beyond our control, affected the fees received by Tongda Refractory. Sinoma International normally gives Tongda Refractory an estimated amount of the refractory materials it may require for the coming year. Subject to the production capacity of Tongda Refractory, it will provide the refractory materials as required and purchased by Sinoma International. Since the fees received by Tongda Refractory are determined by the demand of refractory materials by Sinoma International, we are unable to explain, and we have not been provided with the reasons for, the fluctuations in demand from Sinoma International for our refractory materials, and therefore the fees received by Tongda Refractory, for the three years ended 31 December 2008 and the three months ended 31 March 2009. There are a wide range of factors, such as the business plans and operations of Sinoma International and the ability to source from other suppliers, which Sinoma International may take into account in determining whether to purchase refractory materials from Tongda Refractory.

On 9 October 2008, Sinoma International confirmed that it intends to purchase from Tongda Refractory refractory materials for the three years ending 31 December 2011 in the following estimated amount:

Year ending 31 December 2009	Year ending 31 December 2010	Year ending 31 December 2011
	(in RMB)	
58.0 million	75.0 million	90.0 million

The Sinoma International Goods Sales Agreement will be subject to an announcement requirement under the Listing Rules.

Sale of goods

Our Group has been selling goods such as cement, clinker, refractory materials, furniture, colour boards, toiletry and wooden products to the Parent Group. After the Listing, the Parent Group will require these products for the maintenance and upkeep of the Parent Group's facilities; therefore the transactions between us and the Parent Group (including its associates) will continue.

In this regard, we (for ourselves and on behalf of our subsidiaries) and our Parent (for itself and on behalf of its subsidiaries and associates) entered into a sales agreement on 8 July 2009, whereby we (including our subsidiaries) will continue to sell goods such as cement, clinker, refractory materials, furniture, colour boards, toiletry and wooden products to the Parent Group (including its associates) (the "**Goods Sales Agreement**").

The Goods Sales Agreement is for a term commencing on the Listing Date and expiring on 31 December 2011. Pursuant to the Goods Sales Agreement, we (including our subsidiaries) have agreed that we will supply to the Parent Group (including its associates) goods on terms that are equivalent to those offered by us to independent third parties. The consideration of the transactions will be based on: (a) the price fixed by the PRC Government, (b) if there is no price fixed by the PRC Government, the price proposed by the PRC Government, (c) if there is no price proposed by the PRC Government, the market price, or (d) if all the above prices are inapplicable, the price agreed to by us and our Parent.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, the cost of purchases paid by Beijing Furniture Co., Ltd. (北京市傢俱公司), Beijing Building Materials Sales Center (北京市建築材料銷售中心), Beijing Building Materials Industry School (北京市建築材料工業學校), Beijing Longshuncheng Chinese Style Furniture Factory (北京市龍順成中式傢俱廠), Beijing Longfengshan Sands and Stone Factory (北京市龍鳳山砂石廠), Beijing Yanshan, Beijing Pinggu, Beijing Fumin House Co., Ltd. (北京富民住房股份有限公司), Badaling Travel, Beijing Saiyi Color Board Profile Co., Ltd. (北京賽易彩板型材有限責任公司), Beijing Guanghua Woodworking Factory (北京市光華木材廠), Beijing Zhongweisenhai Property Management Co., Ltd. (北京中威森海物業管理有限公司), Beijing Jinshihuaxin Stone Co., Ltd. (北京京石華信石業有限公司), Beijing Building Decoration and Design Engineering Co., Ltd.

(北京市建築裝飾設計工程有限公司), Beijing Xinshan Mineral Industry Co., Ltd. (北京鑫山礦業有限責任公司) of the Parent Group and the Parent to us (that is, Tiantan Furniture, BBMG Cement Sales Company (北京金隅股份有限公司水泥分公司), BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司), BSBM, Jinzhiding, Woodworking Factory, Dingxin Cement, Liulihe Cement, Beijing Jianzong Building Installation and Engineering Co., Ltd. (北京建總建築安裝工程有限公司), BBMT-Xinke, Beijing Century Jingzhongyuan Porcelain and Ceramic Fittings Co., Ltd. (北京世紀京中源陶瓷配套有限公司), Tongda Refractory, Beijing GEM, BBMG Logistics and Sanchong Mirrors) amounted to approximately RMB34.0 million, RMB94.8 million, RMB165.3 million and RMB9.0 million, respectively, representing approximately 0.5%, 1.2%, 1.9% and 0.4% of our total revenue for the corresponding periods.

The significant increase in the cost of purchases by the Parent Group (including its associates) from 2006 to 2007 was due to purchases of properties, cement, refractory materials, clinker and toiletry made by subsidiaries of our Parent, including Beijing Pinggu, Beijing Yanshan, Badaling Travel and our Parent, in the total sum of approximately RMB55.4 million.

The significant increase from 2007 to 2008 was mainly attributable to (i) the transfer of the production line from Dingxin Cement to Beijing Pinggu in an amount of approximately RMB120.9 million, and (ii) our acquisition of the remaining 50.0% equity interests in BBMG Logistics from an independent third party in March 2008 (rendering it our wholly owned subsidiary), and the sale of steel materials by BBMG Logistics to Beijing Building Materials Sales Center in an amount of approximately RMB6.5 million.

The following are our estimated annual caps of purchase by the Parent Group (including its associates) of goods for the three years ending 31 December 2011:

Year ending 31 December 2009	Year ending 31 December 2010	Year ending 31 December 2011
	(in RMB)	
50.5 million	53.0 million	56.4 million

We made the above estimates of annual caps for the purchase of goods by the Parent Group (including its associates) from us (including our subsidiaries) based on factors such as expected increases in demand for our goods and the number of the projects of the Parent Group (including its associates) that require our goods. Without taking into account the transfer of the production line from Dingxin Cement to Beijing Pinggu in an amount of approximately RMB120.9 million and the cessation of sales of steel materials by BBMG Logistics to Beijing Building Materials Sales Center in an amount of approximately RMB6.5 million, the increase in the estimated cost of purchase by the Parent Group (including its associates) from 2008 to 2009 is mainly due to the expected increase in the sale of building materials to our Parent Group from approximately RMB6.6 million in 2008 to RMB16.3 million in 2009. The expected increase in the cost of purchase by the Parent Group from 2009 to 2011 is attributable to the expected increase in the price of clinker by 8% per year, making the expected cost of clinker payable by Beijing Pinggu to us (for the same quantity of clinker) to be approximately RMB32.9 million in 2009, RMB35.5 million in 2010 and RMB38.4 million in 2011.

The Goods Sales Agreement will be subject to an announcement requirement under the Listing Rules.

Purchase of goods

Before the Listing, we purchased goods including cement, fuel, limestone and refractory materials from the Parent Group (including its associates) and Tongda Refractory. After the Listing, as we (including our subsidiaries) will require these products for our operation, the transactions between us and the Parent Group (including its associates) and Tongda Refractory will continue. In this regard, on 8 July 2009, we (for ourselves and on behalf of our subsidiaries) entered into a goods purchase agreement with each of our Parent (for itself and on behalf of its subsidiaries and associates) and Tongda Refractory, respectively (together the "**Goods Purchase Agreements**"), whereby each of the Parent Group (including its associates) and Tongda Refractory agreed to supply to us (including our subsidiaries) goods including cement, fuel, limestone and refractory materials. Each of the Goods Purchase Agreements is for a term commencing on the Listing Date and expiring on 31 December 2011.

Pursuant to the Goods Purchase Agreements, each of the Parent Group (including its associates) and Tongda Refractory agreed to supply to us (including our subsidiaries) products on terms not less favorable than those the Parent Group (including its associates) and Tongda Refractory, respectively, offer to independent third parties. The consideration of the transactions will be based on: (a) the price fixed by the PRC Government, (b) if there is no price fixed by the PRC Government, the price proposed by the PRC Government, (c) if there is no price proposed by the PRC Government, the market price, or (d) if all the above prices are inapplicable, the price agreed to by the parties.

For the three years ended 31 December 2008 and the three months ended 31 March 2009, the costs of purchases by us (that is, BBMG Cement Sales Company (北京金隅股份有限公司水泥分公司), BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司), Liulihe Cement, Xinbeishui, Bulangni, Beijing GEM, BBMG Mangrove Environmental, BBMG Concrete, NanoMei, Dingxin Cement, Zanhuang Cement, Dachang BBMG and our Company) from Beijing Pinggu, Beijing Yanshan, Beijing Xinshan Mineral Industry Co., Ltd. (北京鑫山礦業有限責任公司), Beijing Xinyuan Mineral Industry Co., Ltd. (北京新元礦業有限責任公司), Beijing Building Materials Sales Center (北京市建築材料銷售中心), Beijing Bowang Building Materials Factory (北京博旺建築材料廠), Beijing Furunwu Building Materials Supply and Sales Co., Ltd. (北京富潤屋建築材料供銷有限責任公司), Beijing Lvdushangke Science and Technology Co., Ltd. (北京綠都尚科科技有限公司), Beijing Furniture Co., Ltd. (北京市傢俱公司), Beijing Nanhu Business Development Co., Ltd. (北京市南湖商務有限公司) of the Parent Group, our Parent, Zhongyou Lantian Fuel Oil Sales Co., Ltd. (中油藍天燃油銷售有限公司) and Tongda Refractory amounted to approximately RMB169.7 million, RMB249.9 million, RMB251.0 million and RMB33.8 million, respectively, representing approximately 3.2%, 3.9%, 3.9% and 2.1% of our total cost of sales for the corresponding periods.

From 2007 to 2008, BBMG Cement Sales Company (北京金隅股份有限公司水泥分公司) had purchased from, and sold cement produced by, Beijing Pinggu and Beijing Yanshan. From 2009, BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司) has purchased from, and sold cement produced by, Beijing Pinggu. In 2007, the purchases made from Beijing Yanshan and Beijing Pinggu amounted to approximately RMB112.9 million and 119.1 million respectively.

For background regarding the purchase of cement produced by Beijing Pinggu, see "*Relationship with Controlling Shareholder — Competition — Our Parent's Retained Businesses — Beijing Pinggu — Beijing Pinggu Distribution Agreement*".

Without taking into account the total purchase of cement produced by Beijing Pinggu in an amount of approximately RMB119.1 million in 2007, the significant decrease in our cost of purchase from 2006 to 2007 was attributable to (i) the decrease in the total purchases made by BBMG Cement Sales Company from Beijing Yanshan from approximately RMB137.2 million in 2006 to approximately RMB112.9 million in 2007, and (ii) the decrease in the purchase of raw materials by Beijing GEM from approximately RMB25.5 million in 2006 to approximately RMB12.0 million in 2007. Beijing GEM purchased raw materials in the amount of approximately RMB25.5 million in 2006 due to the construction of CBD Central Apartments.

The following are our estimated annual caps for our purchases of goods for the three years ending 31 December 2011:

Year ending 31 December 2009	Year ending 31 December 2010	Year ending 31 December 2011
	(in RMB)	
203.4 million	209.4 million	226.0 million

Our estimated annual cap for 2009 represents a decrease from the historical figure for 2008, which is mainly attributable to the cessation of production by Beijing Yanshan in July 2008. In 2008, we purchased cement from Beijing Yanshan in the amount of approximately RMB48.6 million. The estimated annual caps for 2010 and 2011 reflect the expected growth and demand for goods including refractory materials and fuel from our connected persons. We have made the above estimates of annual caps with respect to our purchase of goods on the basis of factors such as expected demand and our plan for future development.

Each of the Goods Purchase Agreements will be subject to announcement and shareholders' approval requirements under the Listing Rules.

APPLICATIONS FOR WAIVERS

The transactions described in "— *Non-exempted Continuing Connected Transactions*" above constitute our non-exempted continuing connected transactions under Rule 14A.35 of the Listing Rules. Pursuant to the Listing Rules, the transactions under the Goods Purchase Agreements would normally require full reporting, announcement and prior approval by independent shareholders. The transactions under the Master Lease Agreement, the Dingxin Cement Entrustment Agreement, the Technical Services Agreement, the Service Purchase Agreement, the Renovation Agreement, the Sinoma International Goods Sales Agreement and the Goods Sales Agreement would normally require full reporting and announcement, as each of the percentage ratios (other than profits ratio) calculated by reference to Rule 14.07 of the Listing Rules is expected on an annual basis to be (i) less than 2.5% or (ii) less than 25.0% and the total consideration is less than HK$10.0 million. In addition, our Directors, including the independent non-executive Directors, confirm that it is in the interests of our Group to continue with these transactions after the Listing and that such transactions are conducted on normal commercial terms and these transactions are fair and reasonable and in the interests of our Shareholders as a whole, and that the annual caps of all the non-exempted continuing connected transactions described in "— *Non-exempted Continuing Connected Transactions*" above are fair and reasonable.

On the above basis, we have applied for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.42(3) of the Listing Rules to exempt:

- the non-exempted continuing connected transactions described in the transactions under the Goods Purchase Agreements above from strict compliance with the announcement and independent shareholders' approval requirements, and

- the non-exempted continuing connected transactions described in transactions under the Master Lease Agreement, the Dingxin Cement Entrustment Agreement, the Technical Services Agreement, the Service Purchase Agreement, the Renovation Agreement, the Sinoma International Goods Sales Agreement and the Goods Sales Agreement above from strict compliance with the announcement requirement of the Listing Rules,

subject to (i) our Directors' undertaking that we will comply with the applicable requirements under Chapter 14A of the Listing Rules for the three years ending 31 December 2011, and (ii) the aggregate value of each of the non-exempted continuing connected transactions described above for each financial year not exceeding the relevant cap set above.

Confirmation from the Sponsor

The Sponsor is of the view that the non-exempted continuing connected transactions described above, and for which waivers have been sought, have been entered into in the ordinary and usual course of our business, and are on normal commercial terms that are fair and reasonable and in the interest of our Shareholders as a whole and that the proposed annual caps are fair and reasonable.

DIRECTORS

The following table sets out certain information regarding our Directors. There is no family relationship between our Directors.

Name	Age	Title
Jiang Weiping	54	Chairman of the Board and Executive Director
Li Changli	45	Vice Chairman of the Board and Executive Director
Jiang Deyi	45	Executive Director and President
Shi Xijun	42	Executive Director
Zhang Handong	42	Executive Director and Executive Vice President
Wang Hongjun	40	Executive Director and Chief Financial Officer
Zhou Yuxian	46	Non-executive Director
Hu Zhaoguang	70	Independent Non-executive Director
Xu Yongmo	53	Independent Non-executive Director
Zhang Chengfu	46	Independent Non-executive Director
Yip Wai Ming	44	Independent Non-executive Director

Jiang Weiping (蔣衛平), aged 54, has been the chairman of our Company since 6 August 2008 and an Executive Director of our Company since 20 September 2007. He was the general manager of our Company between September 2007 and April 2009. He is primarily responsible for leading the Board and presiding over the administration of our Company. He joined our Company in March 2006 as a deputy general manager. Prior to joining, Mr. Jiang served with our Parent from August 1979. He served as the deputy general manager of our Parent, including its predecessors Beijing Building Material Group Corporation (北京建材集團總公司) and Beijing Building Material Group Co., Ltd. (北京建材集團有限責任公司), from March 1994 to August 2007 and as the general manager of our Parent from August 2007 to June 2008. In May 2008, Mr. Jiang took up his current position as our Parent's chairman and secretary of the communist party committee. Mr. Jiang's main role in our Parent Group is to preside over meetings of the board of directors of our Parent and be responsible for the overall development of our Parent Group. Mr. Jiang does not take part in the day to day management of our Parent Group. Mr. Jiang has accumulated 29 years of experience in the building materials industry in the PRC. From August 1979 to August 1988, Mr. Jiang was the statistician of supply and sale, deputy section chief, section chief and deputy factory director of Beijing Marble Factory (北京市大理石廠). From August 1988 to September 1992, Mr. Jiang was the principal staff member and the deputy head of the enterprise management department and the deputy office chief for Beijing General Corporation of Building Material Industry (北京市建材工業總公司), a predecessor of our Parent. He had also served in various key positions, such as the office chief, general manager assistant for Beijing Building Material Group Corporation (北京建材集團總公司), another predecessor of our Parent, from September 1992 to March 1994. During the period from March 1994 to October 2000 when he served as the deputy general manager of our Parent, Mr. Jiang also served as the general manager of Xisanqi High-Tech Building Materials. He was also the vice-mayor of Tongliao City, Inner Mongolia, from June 2002 to June 2003. Mr. Jiang graduated in 1998 from the graduate school of Beijing Administrative College and is a senior economist.

Li Changli (李長利), aged 45, has been an executive Director and the vice chairman of the Board of our Company since 6 August 2008 and 28 April 2009, respectively. He was also a deputy general manager of our Company between September 2007 and April 2009. Mr. Li's primary responsibility is to formulate development strategies, plan mid- and long-term projects and implement strategies of our Company, as well as to undertake other duties in relation to commerce, trade and logistics management. He joined us in September 2007 as a deputy general manager. Mr. Li has also served as the general manager and a director of our Parent since June 2008 and May 2008, respectively. Mr. Li's main role in our Parent Group is to formulate the overall operational direction of our Parent Group. Mr. Li does not take part in the day to day management of our Parent Group. Prior to that, he occupied the position of deputy general manager of our Parent from December 2006. Mr. Li has accumulated 28 years of experience in the building materials industry in the PRC. He worked with Beijing Aerated Concrete Plant (北京加氣混凝土廠) from December 1980 to November 1982 and Beijing Mineral Wool Plant (北京石棉廠) from November 1982 to April 1988. From April 1988 to March 1997, Mr. Li took up various positions at Beijing Architectural Decoration & Engineering Co. (北京建築裝飾工程公司), including as a deputy manager, a manager of its supplementary branch, and a manager of its Bei Zhuang Ge Building Material Centre (北裝閣建材中心). From March 1997 to May 1998, Mr. Li was a manager of the Ministry of Agriculture Service Bureau, Beijing Zhongnong Hualong Kegongmao Development Centre (農業部機關服務局北京中農華龍科工貿發展中心). Subsequently, Mr. Li served as a deputy manager and then manager at the International Trade Department of Beijing General Corporation of Business Materials Trade Group (北京市建築材料經貿集團總公司國際貿易部), the predecessor of BBMT, a manager and the chairman for BBMT-Xinke, a deputy general manager and an executive director of Beijing General Corporation of Building Materials Trade Group (北京建築材料經貿集團總公司), the predecessor of BBMT, and a manager of BBMT. Mr. Li graduated from Guanghua School of Management, Peking University (北京大學光華管理學院) in July 2006 with a master's degree in business administration and is an economist.

Jiang Deyi (姜德義), aged 45, has been an executive Director and the president of our Company since 28 April 2009. He was a deputy general manager of our Company between March 2006 and April 2009 and was primarily responsible for the overall management of our cement, concrete and resorts businesses and the formulation of development strategies for these business sectors. Mr. Jiang acted as a general manager assistant of our Parent from April 2004 to January 2008. Mr. Jiang has 22 years of experience in the cement industry. Starting in August 1986, Mr. Jiang served as technician, deputy chief engineer, assistant and deputy factory director for Beijing Liulihe Cement Plant (北京市琉璃河水泥廠). From February 2002, he was a deputy chief engineer of our Parent and a deputy factory director and then factory director of Beijing Liulihe Cement Plant (北京市琉璃河水泥廠). Mr. Jiang served as a director of Bulangni from 1 July 2004 to 15 May 2007. Since 21 May 2007, Mr. Jiang has also served as the chairman of Taihang Cement, a company listed on the Shanghai Stock Exchange (Stock code: 600553) and one of our associates. From 23 April 2007 to 25 April 2008, Mr. Jiang served as a director and a manager of Taihang Huaxin. Mr. Jiang has been the chairman of Dingxin Cement since March 2007 and a director of Xinbeishui since December 2006. Mr. Jiang graduated from Northern Jiaotong University (北方交通大學) (now known as Beijing Jiaotong University (北京交通大學)) with a master's degree in business administration in April 2001. He is a senior engineer.

Shi Xijun (石喜軍), aged 42, has been an executive Director of our Company since 10 March 2006. He was also our Board secretary between March 2006 and April 2009. He was primarily responsible for the day to day work of the Board, and the administration of our human resources. Mr. Shi first joined our Parent in August 1995, and, from September 2000 to August 2003, served as a manager of the production operation department. Mr. Shi has also served as a director of the organising department, a member of the communist party standing committee and the secretary of the discipline inspection committee for our Parent since August 2003, July 2005 and November 2008, respectively. Prior to joining our Parent, he was an officer of the Gouyu Mine of Beijing Mining Bureau (北京礦務局溝峪礦) from July 1990 to August 1992. Mr. Shi has accumulated 13 years of experience in the building materials industry. Mr. Shi graduated in 1995 from the China University of Mining and Technology (中國礦業大學) with a master's degree in engineering. He is an economist.

Zhang Handong (張捍東), aged 42, has been an executive Director and the executive vice president of our Company since 28 April 2009. From March 2006 to April 2009, he was a deputy general manager of our Company and was primarily responsible for property development and mining-related matters. Mr. Zhang was also the general economist of our Parent from September 2002 to May 2009. Mr. Zhang has accumulated 19 years of experience in the building materials industry. From July 1989 to March 1990, he served as an officer of Beijing Building Materials Supply & Sales Company (北京建材供銷公司). In March 1990, Mr. Zhang was appointed as a communist party officer and the secretary of the administrative office for Beijing General Corporation of Building Materials Industry (北京市建築材料工業總公司), a predecessor of our Parent. Since April 1992, he had been the assistant factory director and the deputy factory director for Beijing Ceramic & Porcelain Factory (北京市陶瓷廠), a predecessor of BJ Ceramics. Following that, Mr. Zhang was a general manager assistant of Beijing TOTO Co., Ltd. (北京東陶有限公司) from April 1994 to October 1997 and a deputy head of foreign economic department of Beijing Building Material Group Co., Ltd. (北京建築材料集團有限責任公司), another predecessor of our Parent from October 1997 to September 1998. In September 1998, Mr. Zhang was appointed as a manager of BBMG Property Management. He served as a general manager assistant and a manager of production and operation department of Beijing Building Material Group Co., Ltd. (北京建材集團有限責任公司), another predecessor of our Parent, starting from April 1999. Since September 2000, Mr. Zhang had been the general manager assistant of our Parent and a manager of Tengda Plaza. Mr. Zhang served as a manager of Beijing Gaoling, from September 2000 to March 2006, and a director of BBMG Jiahua Property Management Co., Ltd., (北京金隅嘉華物業管理有限公司) from February 2003 to November 2007. Mr. Zhang graduated from Renmin University of China (中國人民大學) with a master's degree in public administration in 2008.

Wang Hongjun (王洪軍), aged 40, has been an executive Director of our Company since 28 April 2009. He has also been the chief financial officer of our Company since September 2007, and is primarily responsible for general financial management, capital operations and audit matters. Mr. Wang served as the general accountant for our Parent from July 2007 to May 2009 . Mr. Wang has 16 years of experience in the financial and accounting industry. In July 1992, he began serving as an officer in the finance and capital department of Beijing Building Material Group Co., Ltd. (北京建材集團有限責任公司), a predecessor of our Parent. From September 2000, he was the general accountant of Beijing GEM. Mr. Wang had served as a standing deputy manager, a manager of the finance and capital department and a deputy general accountant of our Parent since March 2002, and as the head of the finance and capital department of our Company since March 2006. He served as the chairman of the board of supervisors of BSBM from March 2005 to December 2006. Since May 2007, Mr. Wang has been a director of Taihang Cement. Mr. Wang graduated from Lanzhou University of Finance and Economics (蘭州商學院) in July 1992 with a bachelor's degree in accounting. He is a senior accountant and has obtained the qualifications for PRC Certified Public Accountants.

Zhou Yuxian (周育先), aged 46, has been a non-executive Director of our Company since 21 December 2005. Mr. Zhou has been a deputy general manager of China National Materials Group Corporation (中國中材集團公司) since October 2000 and an executive director and the president of Sinoma, a company listed on the Stock Exchange (HKSE code: 1893), since March 2009. He served as a non-executive director of Sinoma from July 2007 to March 2009. Mr. Zhou has extensive experience in the building materials industry. Since 6 December 2001, Mr. Zhou has been a director of Sinoma Science & Technology Co., Ltd. (中材科技股份有限公司), an A-share company listed on the Shenzhen Stock Exchange (Stock code: 002080). He has also been a director of Ningxia Saima Industrial Co., Ltd. (寧夏賽馬實業股份有限公司), an A-share company listed on the Shanghai Stock Exchange (Stock code: 600449), since 19 December 2008. From February 1992 to April 1997, he served as an assistant director and an associate director of the Research Institute of Non-Metallic Minerals of State Building Materials Industry Bureau (國家建築材料工業局 人工晶體研究所). Since April 1997, Mr. Zhou had been responsible for the work of Research Institute of Non-Metallic Minerals of State Building Materials Industry Bureau. He served as the president of the Research Institute of Synthetic Crystals (中非人工晶體研究院) (formerly known as Research Institute of Non-Metallic Minerals of State Building Materials Industry Bureau) from February 1998 to November 2000. Mr. Zhou also served as a director of Beijing Composite Materials Co., Ltd. (北京玻鋼院複合材料有限公司) from December 2002 to April 2008, and has been a director of Taishan Fiberglass Inc. (泰山玻璃纖維有限公司) since 21 December 2005. He has also been a director of Sinoma Advanced Materials Co., Ltd. (中材高新材料股份有限公司) and a director of Sinoma Jinjing Fiber Glass Co., Ltd. (中材金晶玻纖有限公司) since February 2004 and October 2006, respectively. Mr. Zhou graduated in July 2004 from Wuhan University of Technology (武漢理工大學) with a master's degree in engineering. He is also a senior engineer.

Hu Zhaoguang (胡昭廣), aged 70, has been an independent non-executive Director of our Company since 6 August 2008. Mr. Hu has extensive experience in corporate management and has authored publications in academic journals. Mr. Hu has been the chairman of the audit committee and an independent non-executive director of Digital China Holdings Limited (神州數碼控股有限公司), a listed company on the Stock Exchange (HKSE code: 861), since August 2006 and September 2004, respectively. He currently also serves as a vice president of China Senior Professor Association (中國老教授協會). Mr. Hu had also served as the chairman of the board of Beijing Enterprises Holdings Limited (北京控股有限公司), a listed company on the Stock Exchange (HKSE code: 392), the chairman of the board of Beijing Holdings Limited (京泰實業（集團）有限公司), an independent non-executive director of China Overseas Land & Investment Ltd. (中國海外發展有限公司), a listed company on the Stock Exchange (HKSE code: 688) and the vice-mayor of Beijing City. Mr. Hu graduated from Tsinghua University (清華大學) in 1965.

Xu Yongmo (徐永模), aged 53, has been an independent non-executive Director of our Company since 6 August 2008. Mr. Xu has extensive experience in the building materials industry. Mr. Xu has been an independent director of Sinoma Science & Technology Co., Ltd. (中材科技股份有限公司), an A-shares company listed on the Shenzhen Stock Exchange (Stock code: 002080), since 27 December 2004. Besides, he is currently the full-time vice president of China Building Material Council (中國建築材料聯合會), the president of China Cement Products Industry Association (中國水泥製品工業協會), the president of China Building Block Association (中國建築砌塊協會), and the vice president of China Cement Association (中國水泥協會). Mr. Xu's duties at the China Cement Association is to provide advice and suggestions regarding the work of the China Cement Association and to attend important meetings of the same association. Mr. Xu graduated in 1997 from London South Bank University with a doctorial degree in philosophy majoring in civil engineering materials.

Zhang Chengfu (張成福), aged 46, has been an independent non-executive Director of our Company since 6 August 2008. Mr. Zhang has extensive experience in public administration research. Mr. Zhang is currently a deputy dean of the School of Public Administration (公共管理學院), a director of Government Administration and Reform Research Centre (政府管理與改革研究中心) and a director of the Crisis Management Research Centre (危機管理研究中心) of Renmin University of China (中國人民大學), as well as a delegate of the Chinese People's Political Consultative Conference (中國人民政治協商會議) of Beijing City. Mr. Zhang graduated in July 1999 from Renmin University of China, and holds a doctorial degree in law. He is also an instructor for doctorial degree candidates and a professor at Renmin University of China.

Yip Wai Ming (葉偉明), aged 44, has been an independent non-executive Director of our Company since 28 April 2009. Mr. Yip has over 20 years of experience in accounting and corporate finance in the United Kingdom, Hong Kong and China. Mr. Yip has also been an independent non-executive director of Ju Teng International Holdings Limited (巨騰國際控股有限公司), a company listed on the Stock Exchange (HKSE code: 3336) since 25 May 2006. Mr. Yip served as the chief financial officer of Haier Electronics Group Co., Ltd., a company listed on the Stock Exchange (HKSE code: 1169) from 21 December 2004 to 10 January 2009 and as its company secretary and qualified accountant from 28 January 2005 to 10 January 2009. From March 2001 to February 2003, Mr. Yip served as a vice president for Hi Sun Group Limited (高陽集團有限公司) (now known as Hi Sun Technology (China) Ltd. (高陽科技（中國）有限公司)), a company listed on the Stock Exchange (HKSE code: 818). From June 1999 to January 2001, he was the chief financial officer of Fulbond Holdings Limited (福邦控股有限公司), a company listed on the Stock Exchange (HKSE code: 1041). Mr. Yip was an associate director in the merchant banking department of ING Bank N.V. (荷蘭商業銀行) from July 1996 to October 1998. Before that, he worked for Ernst & Young from July 1987, and was a senior manager of the audit department in the Hong Kong office at the time of his departure in June 1996. Mr. Yip graduated in 1987 from the University of Hong Kong with a bachelor degree in social sciences. He also holds a bachelor degree in laws from the University of London. Mr. Yip is a fellow of the Association of Chartered Certified Accountants (ACCA), and a member of the Hong Kong Institute of Certified Public Accountants and the Chinese Institute of Certified Public Accountants, respectively. Our Directors believe that Mr. Yip has the appropriate professional qualifications and the sufficient accounting or related financial management expertise in order to fulfil the duties required by his position.

SUPERVISORS

The following table sets out certain information regarding our Supervisors.

Name	Age	Title
Wang Xiaoqun	60	Chairman of the board of Supervisors
Chen Changying	42	Supervisor
Hu Jingshan	50	Supervisor
Zhang Jie	39	Supervisor
Hong Ye	39	Supervisor
Fan Xiaolan	54	Supervisor
Wang Youbin	56	Supervisor

Wang Xiaoqun (王孝群), aged 60, is the chairman of the board of Supervisors of our Company. He was appointed to our board of Supervisors and elected to be the chairman of the same board on 21 December 2005. Mr. Wang was a deputy general manager of our Parent from March 2002 to February 2009. He has been a director and the chairman of Xinbeishui since December 2006. Mr. Wang has been a director of Beijing Cement Plant since 28 July 2006 and has been its chairman since 1 August 2006. He worked in Beijing Silicate Product Factory (北京硅酸鹽製品廠) from March 1969 to March 1978. Mr. Wang joined Beijing General Corporation of Building Material Industry (北京市建材工業總公司), a predecessor of our Parent, in 1982 where he acted as an officer, a deputy chief and the chief of labour-management department. From August 1992 to October 1997, Mr. Wang was the manager of the comprehensive planning department of Beijing Building Material Group Co., Ltd. (北京建材集團有限責任公司), another predecessor of our Parent, and, from October 1997 to February 2001, he held the position of deputy general economist and manager of the comprehensive planning department. In February 2001, he was promoted to general economist and manager of the comprehensive planning department. Mr. Wang is a senior economist who graduated from Beijing Economics College (北京經濟學院) (currently known as Capital University of Economics and Business (首都經濟貿易大學)) in 1982 with a bachelor degree in labour economics.

Chen Changying (陳長纓), aged 42, has been a Supervisor of our Company since 6 August 2008. Mr. Chen has been an executive director and the chief executive officer of Hopson Development Holdings Limited (合生創展集團有限公司), a listed company on the Stock Exchange (HKSE code: 754), since 10 December 2003 and 17 January 2008, respectively. Mr. Chen graduated from Zhengzhou College of Technology (鄭州工學院) with a master's degree in 1993.

Hu Jingshan (胡景山), aged 50, has been a Supervisor of our Company since 6 August 2008. Mr. Hu has served as a director, the general manager and vice secretary of the communist party committee of Tianjin Building Materials (Holding) Co., Ltd. (天津市建築材料集團（控股）有限公司) since August 2003. He has also been a director and the chairman of Tianjin Zhenxin Cement Co. Ltd (天津振興水泥股份有限公司) since January 2004. Since March 1994, he had been the office chief of the communist party committee, the head of the development department, the office chief and deputy general manager of Tianjin Building Materials Group Co., Ltd. (天津市建築材料集團總公司), a predecessor of Tianjin Building Materials (Holding) Co., Ltd. Mr. Hu is a senior engineer who graduated from Tianjin University in June 1998 with master's degree in business administration.

Zhang Jie (張杰), aged 39, has been a Supervisor of our Company since 6 August 2008. Mr. Zhang has been an executive director of New Horizon (Beijing) Capital Advisors Ltd. (北京新天域投資顧問有限公司) since 1 September 2006. From 1 May 2005 to 31 August 2006, he served as the chief investment officer of New Horizon (Beijing) Capital Advisors Ltd. Mr. Zhang served as a supervisor of Sichuan Meifeng Chemical Industry Co., Ltd. (四川美豐化工股份有限公司), an A-share company listed on the Shenzhen Stock Exchange (Stock code: 000731), from 16 November 2006 to 11 January 2009. He has been appointed a director of Sichuan Meifeng Chemical Industry Co., Ltd. since 12 January 2009. He has also been a director of Tangshan Tianhe Titanium Industry Co. Ltd (唐山天赫鈦業有限公司) since August 2007. He has obtained the qualifications for PRC Lawyers.

Hong Ye (洪葉), aged 39, has been a Supervisor of our Company since 6 August 2008. Ms. Hong has been a director of Beijing Zizhu Pharmaceutical Co., Ltd. (北京紫竹藥業有限公司), Beijing Eastern Petrochemical Co., Ltd. (北京東方石油化工有限公司) and Beijing Light Industry Snowflower Electrical Apparatus Co., Ltd. (北京輕工雪花電器有限責任公司) since September 2000, December 2002 and April

2005, respectively. Ms. Hong has been a supervisor of Xinbeishui and Beijing SevenStar Science & Technology Co., Ltd. (北京七星華電科技集團有限責任公司) since 1 December 2006 and 18 April 2007, respectively. Ms. Hong served as a senior deputy manager for Business Department I of China Cinda (Beijing Office) (中國信達資產管理公司北京辦事處業務一部) since June 2006. She served as a supervisor of Beijing Huaer Co., Ltd. (北京化二股份有限公司), an A-share company listed on the Shenzhen Stock Exchange (Stock code: 000728) (now known as Guoyuan Securities Co., Ltd. (國元證券股份有限公司)), from 29 June 2006 to 25 October 2007. She joined the Asset Management Department of China Cinda (Beijing Office) (中國信達資產管理公司北京辦事處資產管理部) in August 1999. Ms. Hong obtained her master's degree in enterprise administration from the University of International Business and Economics (對外經濟貿易大學) in June 2005.

Fan Xiaolan (范曉嵐), aged 54, has been a Supervisor of our Company since 21 December 2005. Ms. Fan has been the secretary of the communist party committee for the headquarters of our Parent since July 2004. She joined Beijing Xuanwu Furniture Plant (北京市宣武傢具廠) in December 1971, where she served as an officer, league branch secretary, general league branch secretary and deputy secretary of the general communist party branch. From May 1980 to December 1984, Ms. Fan served as a member and an officer in charge of the youth league committee for Beijing Furniture Corporation (北京市傢具公司). She was appointed as an officer of the discipline committee and an officer of the inspection department of Beijing General Corporation of Building Material Industry (北京市建材工業總公司), a predecessor of our Parent, in January 1985 and July 1988, respectively. Since February 1992, Ms. Fan has been an officer and the chief of the female workers committee (女職工委員會) and vice chairperson of the labour union of General Corporation of Beijing Building Material Group (北京建材集團總公司), another predecessor of our Parent. From March 2004 to July 2004, she served as a vice secretary of the communist party committee for the headquarters of our Parent. Ms. Fan graduated in July 2002 from Communist Party of China Beijing Municipal Committee Party School (中國共產黨北京市委黨校), where she majored in law.

Wang Youbin (王佑賓), aged 56, has been a Supervisor of our Company since 21 December 2005. Mr. Wang has been an executive director and a manager of Xiang Brand Walling since 12 September 2006. From March 1969 to September 1974, he served as an officer of Beijing Bricks Plant (北京磚廠) and, from August 1977 to November 1984, as a technician and deputy chief of the technology section, a director of the workshop and deputy director of the factory of Beijing Bricks Plant (北京磚廠). Since November 1984, Mr. Wang had been the deputy factory director of Beijing No.2 Concrete Product Plant (北京市混凝土製品二廠). He had also been a factory director of Beijing No.1 Concrete Product Plant (北京市混凝土製品一廠) (now known as Xiang Brand Walling) and the general manager of Sanchong Mirrors since June 1991 and January 2002, respectively. Mr. Wang graduated in January 1989 from Beijing Economics Correspondence University (北京經濟函授大學) (now known as Beijing Economics & Management Correspondence Institute (北京經濟管理函授學院)), where he majored in economic administration. He is a senior engineer.

SENIOR MANAGEMENT

The following table sets out certain information regarding our senior management.

Name	Age	Title
Jiang Deyi	45	Executive Director and President
Zhang Handong	42	Executive Director and Executive Vice President
Guo Yanming	47	Vice President
Deng Guangjun	57	Vice President
Wang Hongjun	40	Executive Director and Chief Financial Officer
Wu Xiangyong	35	Board secretary and joint company secretary

Jiang Deyi (姜德義), for further details, see "— *Directors*" above.

Zhang Handong (張捍東), for further details, see "— *Directors*" above.

Guo Yanming (郭燕明), aged 47, is a vice president of our Company. He is primarily responsible for the overall operation and development of the modern building materials segment and production safety control. Mr. Guo served as our general economist from March 2006 to April 2009. Mr. Guo has accumulated 23 years of experience in corporate management and human resources in the building materials industry. In August 1985, he joined Beijing General Factory of Building Material Products (北京市建材製品總廠), and was subsequently appointed as the deputy chief of the corporate management division in December 1985. From July 1989 to August 1992, Mr. Guo worked in Beijing Building Material Group Corporation (北京建材集團總公司), a predecessor of our Parent. From August 1992 to December 1997, Mr. Guo was an officer and a deputy manager of human resources department of Beijing Building Material Group Co., Ltd. (北京建材集團有限責任公司), another predecessor of our Parent. From December 1997, Mr. Guo served as a deputy head and then head of business management department, a general manager assistant and deputy general manager for TOTO (Beijing) Co., Ltd. (東陶機器（北京）有限公司). Mr. Guo served as a deputy secretary and then secretary of the communist party committee branch of Beijing Ceramics Plant (北京市陶瓷廠), a predecessor of BJ Ceramics, from November 2001 to June 2003. Since June 2003, Mr. Guo had been a general manager assistant for our Parent. Mr. Guo graduated in July 1985 from Beijing Economics College (北京經濟學院) (currently known as the Beijing Capital University of Economics and Business (首都經濟貿易大學)), where he majored in industrial enterprise administration. He is a senior economist and his current residential address is No. 8, Unit 5, Building 13, Jing'anli, Chaoyang District, Beijing China.

Deng Guangjun (鄧廣均), aged 57, is a vice president of our Company. He is primarily responsible for overall management of feasibility studies and review of investment projects, general matters in relation to technology management and research and development. Mr. Deng served as our chief engineer from March 2006 to April 2009. Mr. Deng has 26 years of experience in the building materials industry. Starting in December 1982, Mr. Deng worked with Beijing Cement Tiles Plant (北京市水泥磚瓦廠) as an officer and deputy head of acoustic board workshop. From January 1984 to September 2000, he acted as a deputy chief of construction planning office, a deputy head and head of acoustic board workshop, a deputy factory director and a factory director for Beijing General Factory of Building Material Products (北京市建材製品總廠). He was the manager of a science and technology department of our Parent from September 2000 to September 2002. Mr. Deng had served with our Parent as a deputy chief engineer since February 2002, a manager of the science and technology department since September 2002 and a manager of strategy and development department since January 2005. Mr. Deng graduated in September 1977 from Wuhan Building Materials College (武漢建材學院) (now known as Wuhan University of Technology (武漢理工大學)), where he majored in products in the department of silicon industry. He is a senior engineer and his current residential address is No. 304, Gate 1, Building 9, Community 2, Ganluyuan Nanli, Chaoyang District, Beijing.

Wang Hongjun (王洪軍), for further details, see "— *Directors*" above.

Wu Xiangyong (吳向勇), aged 35, is the Board secretary and a joint company secretary of our Company. He was appointed as a joint company secretary of our Company on 28 April 2009. Mr. Wu has been appointed as the head of the administrative office of our Company in March 2006. He has also been the director of the department of Board affairs of our Company since February 2008. Since January 2005, after joining our Parent in August 1995, Mr. Wu has been the head of the administrative office of our Parent. From November 1997 to March 1999, he served as a manager assistant of the technology department of our Parent. From March 1999 to January 2005, he served as a deputy head and then the head of the information centre of our Parent. Mr. Wu graduated from the Guanghua School of Management of Peking University (北京大學光華管理學院) with a master's degree in business administration in July 2006. Mr. Wu is also an engineer. His current residential address is No. 604, Gate 6, Building 17, Community 2, Ganluyuan Nanli, Chaoyang District, Beijing.

JOINT COMPANY SECRETARIES

Wu Xiangyong (吳向勇), for further details, see "— *Senior Management*" above.

Lau Fai Lawrence (劉斐), aged 37, is a full-time qualified accountant and a full-time joint company secretary of our Company. He was appointed as a company secretary of our Company on 6 August 2008. Mr. Lau has served as the group financial controller and the qualified accountant of Founder Holdings Limited (HKSE code: 418) and EC-Founder (Holdings) Company Limited (HKSE code: 618), as well as an independent non-executive director and chairman of the audit committee of Artini China Co., Ltd. (HKSE code: 789) since 23 April 2008. He has over 10 years of experience in corporate finance, economics and management and is currently a practising certified public accountant in Hong Kong. Mr. Lau is a member of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants), a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants in the UK. He has also obtained the securities practitioner qualification as certified by Hong Kong Exchanges and Clearing Limited. He previously worked in Price Waterhouse Company Limited (now known as PricewaterhouseCoopers) as a senior auditor. Mr. Lau graduated from the University of Hong Kong with a bachelors degree in business administration and obtained a master's degree in corporate finance from Hong Kong Polytechnic University.

QUALIFIED ACCOUNTANT

Lau Fai Lawrence (劉斐), for further details, see "— *Joint Company Secretaries*" above.

AUDIT COMMITTEE

We established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices as set out in

Appendix 14 of the Listing Rules under a resolution of our Directors passed on 8 July 2009. The primary duties of the Audit Committee are to assist our Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board. The Audit Committee consists of four independent non-executive Directors, Zhang Chengfu (being chairman of the Auditing Committee), Hu Zhaoguang, Xu Yongmo and Yip Wai Ming (who has professional qualifications in accountancy) and a non-executive Director, Zhou Yuxian.

REMUNERATION AND NOMINATION COMMITTEE

We established a remuneration and nomination committee with written terms of reference in compliance with the Code of Corporate Governance Practice as set out in Appendix 14 under a resolution of our Directors passed on 8 July 2009. The main responsibilities of the committee are to review and consider the remuneration policies and structure of our Directors and senior management and make relevant proposals to our Board, to review and approve the performance based remuneration by reference to our objectives, as adopted from time to time by our Board, to nominate candidates for Directors and senior management, to examine nominations for Directors and senior management and to make recommendations to our Board for the appointments. The Remuneration and Nomination Committee consists of five members, two of whom are executive Directors, namely Jiang Weiping, as the chairman of the committee, and Shi Xijun, as the vice chairman of the committee, together with three independent non-executive Directors, namely Hu Zhaoguang, Zhang Chengfu and Xu Yongmo.

STRATEGIC COMMITTEE

We established a strategic committee whose primary duties are to formulate our overall development plans and investment decision-making procedures. The strategic committee currently consists of eight members, including Jiang Weiping, Li Changli, Jiang Deyi, Hu Zhaoguang, Zhang Chengfu, Wang Hongjun, Xu Yongmo and Deng Guangjun, with Jiang Weiping serving as its chairman and Li Changli and Jiang Deyi as its deputy chairman.

COMPLIANCE ADVISER

We will appoint Cinda International Capital Limited as our compliance adviser under Rule 3A.19 of the Listing Rules to advise us on the following matters in accordance with Rule 3A.23 of the Listing Rules:

- where any regulatory announcement, circular or financial report is to be published;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us of unusual movements in the price or trading volume of our listed securities or any other matters under Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which we send our financial results as required under Rule 13.46 of the Listing Rues for the first full financial year commencing after the Listing Date.

Cinda International Capital Limited is one of the Hong Kong Underwriters and International Underwriters.

To the best knowledge of our Directors, Cinda International Capital Limited is a wholly owned subsidiary of Cinda International Holdings Limited, whose securities are listed on the Stock Exchange (stock code: 111). As at the Latest Practicable Date, Cinda International Holdings Limited was owned as to approximately 72.16% by China Cinda, one of our Shareholders. For further details about China Cinda, see "*History, Reorganisation and Group Structure — Change in Registered Capital and Transfer of Shares*".

DIRECTORS' AND SUPERVISORS' REMUNERATION

We reimburse our Directors and Supervisors for expenses which are necessarily and reasonably incurred for providing services to us or executing matters in relation to our operations. Our executive Directors and Supervisors who are also our employees receive, in their capacity as our employees, compensation in the form of salaries, housing allowances, other allowances and benefits in kind, including our contribution to the pension scheme in accordance with relevant PRC law.

The following table sets out salaries, discretionary bonuses, retirement pension scheme contributions, allowances and benefits in kind paid by us to our Directors and Supervisors during the Track Record period.

	Year ended 31 December			Three months ended 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Directors	2,661	3,168	3,154	476
Supervisors	916	1,013	1,225	140
Total	3,577	4,181	4,379	616

In respect of the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, no remuneration was paid to our Directors as an inducement to join or upon joining our Group. No compensation was paid to, or receivable by, our Directors or past Directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments for each of the last three years.

The five highest paid individuals of our Group for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 did not include any Directors or Supervisors. The aggregate amount of salaries, discretionary bonuses, allowances, benefits in kind and contributions to retirement pension scheme paid to the five highest paid individuals of our Group for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 was approximately RMB2.4 million, RMB2.6 million, RMB2.7 million and RMB0.2 million, respectively.

In respect of the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, no remuneration was paid to the five highest paid individuals of our Group as an inducement to join or upon joining our Group. No compensation was paid to or receivable by such individuals for the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Group.

Our senior management is entitled to performance related remuneration that is linked to sales revenue, profits, account receivables, cash flows and economic value added to the business segments to which they are responsible, respectively.

Save as disclosed above, no other payments have been paid or are payable by our Group in respect of the Track Record Period to our Directors and Supervisors.

EMPLOYEES

As at 31 March 2009, we had a total of approximately 17,447 full-time employees. The analysis by function of our staff (excluding temporary staff) is as follows:

Functions	Number of employees
Corporate management	4,281
Finance	314
Research and development	760
Production and quality control	10,102
Sales and marketing	1,931
Trade union	59
Total	17,447

Our relationship with employees

Our Directors believe that our employees are among the most valuable assets of our Group and have contributed to the success of our Group. We provide in-house training to our employees to enhance their knowledge of our products, corporate culture and sales techniques, and provide training to individual employees according to their own job description.

Since we were established, we have not experienced any significant turnover of staff or any disruption to our business operations due to labour disputes. Our Directors consider that we have maintained a good relationship with our employees.

Employee benefits

In the PRC, in accordance with the relevant national and local labour and social welfare laws and regulations, we are required to pay in respect of our employees in the PRC various social security funds including basic pension insurance (基本養老保險), basic medical insurance (綜合醫療保險), unemployment insurance (失業保險), occupational injury insurance (工傷保險) and insurance for maternity leave (生育醫療保險). According to the current applicable local regulations, the percentages of the various insurances applicable to us are set out below:

Social security funds	Percentage of the relevant employees' average monthly salary
Basic pension insurance	20.0%
Basic medical insurance	10.0%
Unemployment insurance	1.0%
Occupational injury insurance	0.3%
Insurance for maternity leave	0.8%

In addition, we make contributions to the housing reserve fund at the percentage of 12.0% (effective from 1 July 2008) of our PRC employees' monthly basic salary. Based on the confirmation issued by the competent local social security authorities, our PRC legal advisers believe that we are in compliance with the applicable PRC laws and regulations on labour and social welfare.

Staff costs

The total expense for our Group's employee benefits (including Directors' and Supervisors' remuneration, which are set out in "— *Directors' and Supervisors' Remuneration*" above) for the three ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 were approximately RMB593.1 million, RMB696.6 million, RMB739.4 million and RMB198.1 million, respectively.

The registered share capital of our Company immediately before the Global Offering is RMB2.8 billion divided into 2.8 billion Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately following the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total issued Share capital
2,377,998,282	Domestic Shares(1)	63.69%
338,480,000	Unlisted Foreign Shares(2)	9.07%
83,521,718	H Shares to be converted from Domestic Shares and held by NSSF	2.24%
933,333,000	H Shares to be issued under the Global Offering	25.00%
3,733,333,000		100.00%

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total issued Share capital
2,365,470,065	Domestic Shares(1)	61.07%
338,480,000	Unlisted Foreign Shares(2)	8.74%
96,049,935	H Shares to be converted from Domestic Shares and held by NSSF	2.48%
1,073,332,500	H shares to be issued under the Global Offering	27.71%
3,873,332,500		100.00%

Notes:

(1) These Domestic Shares are held by our Parent, Sinoma, China Cinda, Tianjin Building Materials, Hua Xi Xin Yu, Runfeng Investment and Beijing Taihong Investment.

(2) These unlisted Foreign Shares are held by Hopeson and New Horizon Jasmine.

OUR SHARES

Domestic Shares, unlisted Foreign Shares and H Shares are ordinary shares in the share capital of our Company. Under our Articles of Association, all Shareholders holding ordinary shares of our Company, regardless of whether these ordinary shares are Domestic Shares, unlisted Foreign Shares or H Shares, equally enjoy the rights and assume the obligations stipulated in our Articles of Association. H Shares may only be subscribed for by, and traded in Hong Kong dollars between, legal or natural persons of Hong Kong, the Macau Special Administrative Region of the PRC, Taiwan or any country other than the PRC and qualified domestic institutional investors of PRC. Unlisted Foreign Shares may only be subscribed for in a currency other than Renminbi, or for consideration consisting of the injection of assets, which may only be held by non-PRC nationals or non-PRC corporate entities and are not listed on any stock exchange. Domestic Shares may only be subscribed for by, and traded between, legal persons or other qualified entities of the PRC (other than Hong Kong, Macau Special Administrative Region of the PRC and Taiwan) and must be subscribed for and traded in Renminbi. All cash dividends in respect of H Shares are to be paid by our Company in Hong Kong dollars whereas all cash dividends in respect of Domestic Shares and unlisted Foreign Shares are to be paid by our Company in Renminbi.

In addition to cash, dividends may be distributed in the form of Shares. Any distribution of Shares, however, must be approved by special resolution of the Shareholders. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares and unlisted Foreign Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares and unlisted Foreign Shares, respectively.

Except as described above and except in relation to the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different parts of register of Shareholders, the method of Share transfer and the appointment of dividend receiving agents, which are all provided for in our Articles of Association and summarised in "*Appendix VII — Summary of Articles of Association*", the Domestic Shares, unlisted Foreign Shares and H Shares will rank *pari passu* with each other in all respect and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of Domestic Shares is subject to such restrictions as PRC law may impose from time to time.

Save for the Global Offering, we do not propose to carry out a public or private issue or to place securities within the next six months. We have not approved any Share issue plan other than the Global Offering.

Generally, Domestic Shares, unlisted Foreign Shares and H Shares are deemed as different classes of Shares under our Articles of Association. Any change or abrogation of the rights of class Shareholders should be approved by way of a special resolution of the general meeting of Shareholders and by a separate meeting of Shareholders convened by the affected class Shareholders. However, any change or abrogation of any rights of Shareholders of a certain class resulting from a change of domestic or overseas laws, administrative regulations or the rules of the place of listing or any legally binding overseas laws, administrative regulations or the rules of the place of listing or any legally binding decisions or orders announced by domestic or overseas regulatory authorities does not need to be approved by separate Shareholders and at separate Shareholders' class meeting. For certain details about rights of different classes of Shareholders, see "*Appendix VI — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions — Hong Kong Legal and Regulatory Provisions — Hong Kong company law and its comparison with the PRC law applicable to a joint stock limited company incorporated under the Company Law*".

Transfer of our Domestic Shares or unlisted Foreign Shares for listing and trading on an overseas stock exchange

According to the stipulations by the State Council securities regulatory authority and our Article of Association, our Domestic Shares or unlisted Foreign Shares may be transferred and listed or traded on an overseas stock exchange provided that the transfer and trading of such Shares shall have duly completed any requisite internal approval process and obtained the approval from the relevant PRC regulatory authorities, including the CSRC. In addition, such transfer and trading shall in all respects comply with the regulations prescribed by the State Council securities regulatory authority and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of our Domestic Shares or unlisted Foreign Shares are to be transferred to an overseas investor and to be traded as H Shares on the Stock Exchange, such transfer and conversion will need to complete our internal approval process and obtain the approval of the relevant PRC regulatory authorities, including the CSRC. The listing of such converted shares on the Stock Exchange will also need to obtain the approval of the Stock Exchange. We understand the practice of the Stock Exchange is that, based on the methodology and procedures for the transfer and conversion of our Domestic Shares or unlisted Foreign Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our Domestic Shares or unlisted Foreign Shares on the Stock Exchange as H Shares in advance of any proposed transfer to ensure that the transfer process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong. Save as the Domestic Shares to be transferred by our Parent, Tianjin Building Materials and China Cinda to NSSF in accordance with relevant PRC regulations regarding disposal of State-owned Shares as disclosed in "— *Our Shares — Transfer of State-owned Shares*", no application will be lodged for the listing of all or any portion of our Domestic Shares or unlisted Foreign Shares on the Stock Exchange as H Shares.

No class Shareholder voting is required for the listing and trading of the transferred Shares on an overseas stock exchange. Any application for listing of the converted Shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed transfer.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Domestic Shares or unlisted Foreign Shares will be withdrawn from our PRC share register (or subject to such other treatment as may be prescribed by applicable PRC laws and regulations), and will be registered on our H Share register maintained in Hong Kong, and our H Share Registrar will be instructed to issue H Share certificates. Registration on our H Share register will be on the conditions that (a) our H Share Registrar lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange will comply with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred Shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

Transfer of Shares issued prior to Listing Date

The PRC Company Law provides that in relation to the public offering of a company, the shares issued by a company prior to the public offering of shares shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, the Shares issued by our Company prior to the Global Offering shall generally be subject to this statutory restriction and shall not be transferred within a period of one year from the Listing Date. However, the Shares to be transferred by our Parent, Tianjin Building Materials and China Cinda to NSSF in accordance with relevant PRC regulations regarding disposal of State-owned Shares (see "— *Our Shares — Transfer of State-owned Shares*" below) are not subject to such statutory restrictions.

Transfer of State-owned Shares

In accordance with relevant PRC regulations regarding disposal of State-owned shares, our State-owned Shareholders, namely our Parent, Sinoma, Tianjin Building Materials and China Cinda are required to transfer to NSSF such number of Domestic Shares as in aggregate equivalent to 10% of the number of the Offer Shares. However, with the approval of SASAC and NSSF committee, only our Parent, Tianjin Building Materials and China Cinda will be required to transfer the required number of Domestic Shares to NSSF for a total of 83,521,718 H Shares, before the exercise of the Over-allotment Option, and an additional 12,528,217 H Shares upon the exercise in full of the Over-allotment Option. As approved by SASAC and the NSSF committee, instead of transferring Domestic Shares to NSSF, Sinoma will settle its obligation by way of a cash deposit to NSSF, 41.84% of the amount is to be contributed by China National Materials Group Corporation (中國中材集團公司), Sinoma's controlling shareholder, and 58.16% of the amount is to be contributed by our Parent. The actual amount to be deposited to NSSF would depend on the Offer Price of H Shares upon Listing. At the time of the Listing, such Domestic Shares will be converted into H Shares on a one-for-one basis. These H Shares will not be part of the Global Offering but will be considered as part of the Shares to be held by public investors for the purpose of Rule 8.08 of the Listing Rules. Our Company will not receive any proceeds from the transfer by our State-owned Shareholders to NSSF or any subsequent disposal of such H Shares by NSSF. The transfers of such Domestic Shares by our Parent, Tianjin Building Materials and China Cinda and the discharge of the transfer obligation of Sinoma in cash by China National Materials Group Corporation and our Parent have been approved by the SASAC on 22 August 2008. The conversion of those Domestic Shares into H Shares has been approved by the CSRC on 22 June 2009.

We have been advised by our PRC legal adviser that:

- the aforesaid transfer is mandated by the relevant PRC authorities in accordance with the State policy and neither the Group nor our Company has any influence over the decision;
- both the aforesaid transfer and conversion, the discharge of the transfer obligation of Sinoma in cash by China National Materials Group Corporation and our Parent and the retention of H Shares by NSSF following completion of the Global Offering, have been approved by the relevant PRC authorities and are in compliance with the relevant PRC law;
- the H Shares to be held by NSSF upon completion of the Global Offering shall not be subject to any lock-up under the PRC Company Law; and
- there is no legal restriction on NSSF to transfer or dispose of such H Shares following the Listing.

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, (i) the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the H Shares to be converted from Domestic Shares and held by NSSF (including the additional H Shares to be converted from Domestic Shares upon the exercise of the Over-allotment Option).

We have given certain undertakings in respect of the issuance of the H Shares and other securities. See "*Underwriting — Underwriting Arrangements and Expenses — Undertakings*".

So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have beneficial interests or short positions in any Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Number of Shares held immediately before completion of the Global Offering	Number of Shares held immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)	Approximate percentage of shareholding interests in the Company immediately before completion of the Global Offering	Approximate percentage of shareholding interests in the Company immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised)
			(%)	(%)
Parent	1,840,320,000	1,764,952,895 Domestic Shares	65.73	47.28
Sinoma(1)	239,580,000	239,580,000 Domestic Shares	8.56	6.42
Hopeson(2)	205,380,000	205,380,000 Unlisted Foreign Shares	7.34	5.50

Notes:

(1) Sinoma is a joint stock limited company incorporated in the PRC on 31 July 2007. Its place of principal operation is in Beijing.

(2) Hopeson is a company incorporated in Hong Kong on 9 March 1995. Its place of principal operation is in Hong Kong.

For details of our Directors' and Supervisors' interests in the Shares immediately following the completion of the Global Offering, see "*Appendix VIII — Statutory and General Information — Further Information About Directors, Supervisors, Senior Management and Staff, and Substantial Shareholders*".

Save as disclosed herein, our Directors are not aware of any person (who are not Directors) who will, immediately following the completion of the Global Offering, have an interest or short positions in any Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

You should read this section in conjunction with our audited consolidated financial statements, including the notes to the statements, which are set out in the Accountants' Report set out in Appendix I to this prospectus. The financial statements have been prepared in accordance with HKFRS.

The following discussion and analysis contains certain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. You should review "Risk Factors" for a discussion of important factors that could cause our actual results to differ materially from the results described in or implied by the forward-looking statements.

OVERVIEW

We are one of the largest building materials manufacturers in the PRC and the largest in the Beijing-Bohai Gulf Region. We are also a large-scale property investment and management company and leading property developer in Beijing. We have a portfolio of over 100 subsidiaries grouped into four segments: cement, modern building materials, property investment and management, and property development.

Our revenue for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 was RMB6,612.3 million, RMB8,080.5 million, RMB8,550.7 million and RMB2,164.2 million, respectively. For the same periods, our profit was RMB536.8 million, RMB693.8 million, RMB1,386.0 million and RMB149.7 million, respectively.

Set out below is a brief introduction of the business of each of our segments.

Cement

In 2008, we were, together with our associate Taihang Cement and its subsidiaries, the largest supplier of cement in the area comprising Beijing, Tianjin and Hebei Province (of which approximately 60% was attributable to us and 40% was attributable to Taihang Cement and its subsidiaries), according to the China Cement Association, with our Group alone supplying approximately 40% of the market share in Beijing by sales volume, according to the Beijing Cement Industry Association. In addition to offering cement products, we also produce commercial concrete for construction projects. For further details on our cement products, see "*Business — Cement Segment*".

Modern building materials

In 2008, we were the largest modern building materials manufacturer in Beijing according to the Beijing Building Materials Association. We were also certified by the China Building Materials Federation as a leading modern building materials manufacturer in the PRC in 2007. We produce a broad spectrum of modern building materials, including furniture, mineral wool acoustic boards, wall body materials and refractory materials, and we occupy a leading position in many of these markets. We were also a leading supplier of building materials for the Beijing Olympic facilities, having supplied products to nearly all of the venues located in Beijing, including the National Stadium and the National Aquatics Centre. For further details on our modern building materials products, see "*Business — Modern Building Materials Segment*".

Property investment and management

We are a large-scale investor and manager of mid-market to high-end properties in Beijing. We primarily invest in and manage self-developed property. We invest in offices, commercial spaces and parking spaces. For further details on the activities of, and services performed by, the businesses in our property investment and management segment, see "*Business — Property Investment and Management Segment*".

Property development

In 2007, we were one of the 10 largest property development companies in Beijing in terms of GFA sold, according to statistics released by the Beijing Statistics Bureau. We have a long history of developing properties (having developed over five million square metres of GFA since 1987), with many of our properties developed or under development located at prime locations throughout Beijing, including near the ring roads. We develop a wide variety of properties, including office buildings, commodity housing and affordable housing. We were the largest developer of affordable housing in Beijing in terms of the number of projects, as certified by the Beijing Real Estate Association in 2008. For further details on the activities of the businesses in our property development segment, see "*Business — Property Development Segment*".

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Reorganisation

Prior to the incorporation of our Company, the principal activities of our Group were carried out by various entities wholly owned or controlled by the Parent Group. Pursuant to the Reorganisation, effective on 22 December 2005, our Parent transferred to us the equity interests in certain entities wholly owned or controlled by it or its subsidiaries that were principally engaged in the manufacture and sale of cement and modern building materials, property investment and management services and property development, as well as certain assets associated with such operations. In return, we allotted and issued 1,095,120,000 of our shares of RMB1.00 each to our Parent.

As part of the Reorganisation, our Company was established on 22 December 2005 in the PRC as a joint stock company with limited liability. As a result of the Reorganisation, we became the holding company of the companies now comprising our Group. We and all of our subsidiaries, jointly-controlled entities and associates have adopted 31 December as our financial year-end date. The statutory accounts of these companies have been prepared in accordance with the relevant accounting principles and financial regulations in the PRC applicable to such companies. For further details on Reorganisation, see "*History, Reorganisation and Group Structure*".

Major Transactions with our Parent

During the Track Record Period, we acquired the following subsidiaries from the Parent Group.

- Tongda Refractory. Tongda Refractory was a subsidiary of our Parent established in 2006.
- BBMT and its subsidiaries. Previously in March 2007, Beijing SASAC transferred its 100.0% equity interest in BBMT and its subsidiaries to our Parent.

- Dachang BBMG. Dachang BBMG was a wholly owned subsidiary of our Parent established in 2007.

- Gongyi Tongda Technology. Our Parent acquired 75% equity interest in Gongyi Tongda Technology in October 2007 and subsequently transferred its 75% equity interest to our subsidiary Tongda Refractory in March 2008.

In December 2007, we transferred to our Parent our equity interests in 33 Transferred Out Entities, each of which were either dormant, non-performing or engaging in non-core businesses.

For further details of the Transferred Out Entities and the changes in our portfolio companies during the Track Record Period, see "*— Key Factors Affecting Our Results of Operations and Financial Condition — Changes in portfolio companies*" below.

Our Financial Information

Our consolidated financial statements include the financial results, assets and liabilities of the Transferred Out Entities up to 28 December 2007, the effective date of the disposal. The financial results of the Transferred Out Entities represent the normal operating results of those entities arising from their ordinary businesses. On the other hand, the acquisitions of Tongda Refractory, BBMT and its subsidiaries, Dachang BBMG and Gongyi Tongda Technology are regarded as common control combinations and are accounted for using the merger method of accounting. The financial results, assets and liabilities of BBMT and its subsidiaries are included in our financial statements since the earliest period presented. Tongda Refractory and Dachang BBMG were subsidiaries established by our Parent in May 2006 and July 2007, respectively. Our financial statements are presented as if Tongda Refractory and Dachang BBMG had been in our Group upon their respective incorporation and the net asset value of Tongda Refractory and Dachang BBMG as at their respective incorporation date was accounted for as contributions from our Parent. Our Parent acquired its 75% equity interest in Gongyi Tongda Technology in October 2007. Our financial statements have been presented as if Gongyi Tongda Technology had been included in our Group when it first came under the control of our Parent and the consideration payable by our Parent is accounted for as a contribution from our Parent. The consideration payable by us to our Parent for the acquisitions of Tongda Refractory, BBMT and its subsidiaries, Dachang BBMG and Gongyi Tongda Technology was accounted for as a deemed distribution to our Parent of RMB37.2 million, RMB825.6 million and RMB26.0 million in 2006, 2007 and 2008, respectively.

Segmentation

Our primary reporting segmentation is based on business segments, because our operating businesses are structured and managed separately according to the nature of their operations and the services we provide. Accordingly, each of our business segments represents a strategic business unit which offers products and services that are subject to risks and returns which are different from those of our other business segments. Our four business segments are cement, modern building materials, property investment and management, and property development. Each segment is further discussed below. We do not report on the basis of geographical segmentation, because most of our revenue is derived from customers based in the PRC, and we have no non-current assets located in the PRC. Unless otherwise indicated, all segment numbers discussed in this prospectus are before inter-segment elimination.

SELECTED HISTORICAL FINANCIAL INFORMATION OF OUR GROUP

The selected consolidated income statements for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2008 and 2009, and the selected consolidated statements of financial position as at 31 December 2006, 2007 and 2008 and 31 March 2009 set out below are derived from the Accountants' Report set out in Appendix I to this prospectus.

Consolidated income statements

	Year ended 31 December			Three months ended 31 March	
	2006	2007	2008	2008	2009
				(unaudited)	
	(RMB in thousands, except earnings per share amounts)				
REVENUE	6,612,345	8,080,460	8,550,656	2,149,765	2,164,186
Cost of sales	(5,373,414)	(6,481,901)	(6,438,645)	(1,643,325)	(1,612,681)
Gross profit	1,238,931	1,598,559	2,112,011	506,440	551,505
Other revenue, income and gains	388,191	393,109	572,596	89,739	81,544
Fair value gains/(losses) on investment properties, net	429,474	389,836	910,866	53,984	(26,356)
Selling and marketing expenses	(272,547)	(345,869)	(447,495)	(85,570)	(95,897)
Administrative expenses	(691,710)	(853,288)	(890,276)	(212,362)	(224,583)
Other operating expenses, net	(79,967)	(54,384)	(87,581)	(18,762)	(5,702)
Finance costs	(121,005)	(261,851)	(228,352)	(74,430)	(50,272)
Share of profits and losses of:					
Jointly-controlled entities	(20)	(5,580)	(16,831)	(1,377)	(3,265)
Associates	241	(1,239)	(17,562)	(5,111)	(8,636)
PROFIT BEFORE TAX	891,588	859,293	1,907,376	252,551	218,338
Tax	(354,818)	(165,533)	(521,365)	(85,489)	(68,595)
PROFIT FOR THE YEAR/PERIOD	536,770	693,760	1,386,011	167,062	149,743
Attributable to:					
Owners of the Company	494,192	643,588	1,320,816	157,076	141,775
Minority interests	42,578	50,172	65,195	9,986	7,968
	536,770	693,760	1,386,011	167,062	149,743
DIVIDEND	54,330	112,689	112,000	—	—
Earnings per share attributable to owners of the Company					
Basic	RMB0.30	RMB0.36	RMB0.59	RMB0.09	RMB0.05
Diluted	N/A	N/A	N/A	N/A	N/A

Consolidated statements of financial position

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Total assets	17,210,409	21,596,717	25,392,641	25,895,742
Cash and cash equivalents	1,497,611	1,666,587	1,881,897	1,733,185
Total liabilities	13,164,991	17,414,516	17,218,412	17,572,255
Current liabilities	10,561,177	14,965,592	13,285,919	12,889,289
Non-current liabilities	2,603,814	2,448,924	3,932,493	4,682,966
Total equity	4,045,418	4,182,201	8,174,229	8,323,487
Equity attributable to owners of the Company	3,756,185	3,571,523	7,334,226	7,476,001
Minority interests	289,233	610,678	840,003	847,486

Revenue by segment

Segment	Year ended 31 December						Three months ended 31 March			
	2006		2007		2008		2008		2009	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
							(unaudited)			
	(RMB in millions, except for percentages)									
Cement	2,002	30.2	2,745	34.0	3,315	38.8	640	29.8	834	38.5
Modern building materials	1,922	29.1	2,564	31.7	2,702	31.6	626	29.1	558	25.8
Fixtures and decorative products	*764*	*11.6*	*929*	*11.5*	*990*	*11.6*	*229*	*10.6*	*190*	*8.8*
Energy saving wall body and insulation materials	*251*	*3.8*	*308*	*3.8*	*253*	*2.9*	*64*	*3.0*	*54*	*2.5*
Refractory materials	*171*	*2.6*	*250*	*3.1*	*460*	*5.4*	*107*	*5.0*	*123*	*5.7*
Trading, logistics and others	*736*	*11.1*	*1,077*	*13.3*	*999*	*11.7*	*226*	*10.5*	*191*	*8.8*
Property investment and management	553	8.4	671	8.3	630	7.4	159	7.4	163	7.5
Property development	2,155	32.6	2,415	29.9	1,968	23.0	729	33.9	614	28.4
Inter-segment elimination	(20)	(0.3)	(315)	(3.9)	(64)	(0.8)	(4)	(0.2)	(5)	(0.2)
Total	**6,612**	**100**	**8,080**	**100**	**8,551**	**100**	**2,150**	**100**	**2,164**	**100**

Gross profit and margin by segment

Segment	Year ended 31 December						Three months ended 31 March			
	2006		2007		2008		2008		2009	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
		(%)		(%)		(%)		(%)		(%)
							(unaudited)			
	(RMB in millions, except for percentages)									
Cement	198	9.9	383	14.0	526	15.9	94	14.7	158	18.9
Modern building materials	311	16.2	460	17.9	509	18.8	125	20.0	122	21.9
Fixtures and decorative products	*133*	*17.4*	*154*	*16.6*	*185*	*18.7*	*46*	*20.1*	*34*	*17.9*
Energy saving wall body and insulation materials	*62*	*24.7*	*82*	*26.6*	*63*	*24.9*	*20*	*31.3*	*11*	*20.4*
Refractory materials	*51*	*29.8*	*85*	*34.0*	*123*	*26.7*	*33*	*30.8*	*48*	*39.0*
Trading, logistics and others	*65*	*8.8*	*139*	*12.9*	*138*	*13.8*	*26*	*11.5*	*29*	*15.2*
Property investment and management	307	55.5	376	56.0	416	66.0	106	66.7	107	65.6
Property development	433	20.1	477	19.8	664	33.7	181	24.8	165	26.9
Inter-segment elimination	(10)	—	(97)	—	(3)	—	—	—	—	—
Total	**1,239**	**18.7**	**1,599**	**19.8**	**2,112**	**24.7**	**506**	**23.5**	**552**	**25.5**

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, many of which are outside of our control, including those discussed below.

Economic growth and change of economic conditions in the PRC and the Beijing — Bohai Gulf Region

Substantially all of our revenue is derived from sales of goods and services generated and sales of properties within the PRC. Economic growth and other economic trends and factors in the PRC, therefore, have a direct effect on our operations. For the past three decades, the PRC Government has implemented economic reform measures designed to develop and grow the PRC economy. The growth of the PRC economy, particularly in the construction, infrastructure and real estate sectors, has resulted in increased demand for our products, services and properties in all of our business segments, and we expect that continued growth of the PRC economy would have a positive impact on our results of operations.

In addition, the success of our business is determined by regional market demand which is, to a certain extent, affected by the buoyancy of the construction and property markets in the Beijing-Bohai Gulf Region. In May 2006, the State Council issued the *Opinion of the State Council on Promoting the Development and Opening-up of the Tianjin Binhai New Area* (國務院關於推進天津濱海新區開發開放有關問題的意見), which positioned the Tianjin Binhai New Area, comprising the three administrative districts of Tanggu, Hangu and Dagang and other relevant areas — Bohai Gulf Region, as the engine of economic growth for northern China. According to the opinion, the State Council will develop the Tianjin Binhai New Area to facilitate economic growth in the Bohai Gulf-Region and the eastern regions of China. The development objectives are to transform the area into a manufacturing and research and development base, and an international shipping and logistics centre through infrastructure construction, preferential tax policies and subsidies. We believe that this policy has had and will continue to have a positive impact on our business operations.

However, the historical economic growth may not continue in the future. Any significant change in the economic situation of the PRC will affect our results of operations. See "— *Recent economic developments*" below, "*Industry Overview*" and "*Risk Factors — Risks Relating to Our General Operations — Our performance depends on market conditions and trends in the PRC property industry, and in the overall PRC economy, any or all of which may change adversely*".

Growth of the construction industry in China

We derive substantially all of our revenue from sales in the PRC. Economic growth in the PRC, particularly in areas in which we operate, has a direct impact on virtually all aspects of our operations, including the level of demand for our products, the availability of and prices for our raw materials, costs of coal and electricity and our operating expenses. Demand for our cement and clinker is particularly sensitive to the level of construction activity in the PRC. The growth of fixed asset investment led to a significant increase in demand for building materials. From 2002 to 2006, China's fixed asset investment increased from approximately RMB4,349.9 billion to RMB10,999.8 billion, according to China Statistical Yearbook, representing a CAGR of 26.1%. As a leading cement and building materials producer in the PRC, we believe we are well-positioned to capture growth opportunities in China's construction industry.

Recent economic developments

Our operations and financial performance could be materially and adversely affected by conditions in the global capital or credit markets and the economy generally. The downward pressure on global capital or credit markets that began in the second half of 2007 continued and substantially increased during 2008 and 2009. Concerns over the availability and cost of credit, the U.S. mortgage market, potential deflation and global declines in the real estate market have contributed to increased volatility and diminished expectations. These factors, combined with declining business and consumer confidence and increasing unemployment, have precipitated an economic slowdown and recession. As a result, we may have concerns related to liquidity and business activity in the future.

Liquidity concerns

We need liquidity to pay our operating expenses, pay interest on our bank loans, maintain our lending activities and repay certain maturing bank loans. Without sufficient liquidity, we may default on our loans, and may be forced to curtail our operations and expansion plans. Our principal sources of liquidity include cash generated from operations and funds obtained through our financing arrangements. In the event our current resources do not satisfy our needs, we may need to seek additional financing. With these recent developments, banks have become more conservative in their lending practices due to the continuing disruption.

We believe that the availability of additional financing will depend on a variety of factors such as market conditions, general availability of credit, volume of trading activities, overall availability of credit to industry and our credit capacity. There is also a possibility that lenders could develop a negative perception of our long-term or short-term financial prospects if the sales volume of our products decreased due to a market downturn. As at the Latest Practicable Date, we have not received any request from banks to withdraw the existing banking facilities, to make early payment of outstanding loans or to increase the amount of pledge for secured loans. However, prolonged disruptions to the credit and capital markets could limit our ability to secure additional funds or increase our finance costs. See "*Risk Factors — Risks Relating to Our General Operations — We may be unable to obtain financing on favourable terms, or at all, to fund our continuing operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements*".

Business activity concerns

The global economic downturn has led a number of economists to believe that the Chinese economy will experience a pronounced slowdown and that business activities in the PRC may further decrease as a result. Our revenue may substantially decline in such circumstances and our profit margins may significantly diminish as demand for our products is closely related to the level of economic activity in the PRC.

Given the rapid and dramatic change in the overall global capital or credit markets and economy, we are unable to quantify their net effect on us and, therefore, cannot assure you that we will not be substantially adversely affected. Although as at the Latest Practicable Date, we have not received any significant cancellations of orders placed and are not aware of any material bankruptcy or default on the part of our major customers or suppliers that will have a material impact on our business and financial performance, we can not assure you that any of these events will not happen.

Although the recent economic developments may create less favourable market conditions for our products, our Directors believe that the PRC still presents opportunities for our products in the long run. The PRC Government has recently proposed a two-year, RMB4 trillion economic stimulus plan, much of which is expected to be spent to finance programs in major areas such as basic infrastructure and residential housing. As the largest cement supplier in Beijing, Tianjin and Hebei Province, we believe we and our associate Taihang Cement will benefit from various construction projects under this stimulus package.

PRC Government control and policies

Changes in PRC Government policies over the industries in which we or our customers operate have an impact on our business operations. While the current policies of the PRC Government toward such industries, in particular cement, construction, infrastructure and transportation, are generally market-oriented, the PRC Government may from time to time issue new industrial policies to adjust the level of investments using economic and administrative means. During the Track Record Period, the PRC Government has taken various measures to control money supply, credit availability and fixed asset investment with a view to preventing China's economy from expanding too aggressively and to achieving a more balanced and sustainable economic growth. At the end of 2008, however, the PRC Government proposed a series of measures to stimulate domestic economy in response to the global economic downturn.

In addition, changes in PRC Government policies regarding the domestic cement industry may also have a direct impact on our business. In recent years, the PRC Government has been implementing a series of policies intended to accelerate the consolidation of the cement industry and the use of more environmentally friendly production techniques, such as rotary kilns using NSP technology.

Competition and pricing of our products and services

The level of competition in each of our business segments affects our revenue and our overall results of operations. We face competition from local and regional companies in our cement business and from domestic and international companies in our modern building materials, property investment and management and property development businesses. In all of our business segments, we expect that competition will intensify in the future. We compete against our competitors by various means, including price, service, quality of our products and relationships with our customers. Competition for suitable lands for property development could also increase our cost in land acquisitions. Our ability to maintain or increase our profitability and market share will largely depend on our ability to compete successfully in all these aspects.

Segment and product mix

Our results of operations and gross profit margin are affected by changes in our segment and product mix. For the gross profit and margin of each of our segment, see "*— Selected Historical Financial Information of Our Group — Gross profit and margin by segment*" above.

Our gross profit margin, results of operations and financial condition over the Track Record Period were affected by the performance of certain segments during the period, as well as by changes to the product and service mix that we carried or provided during that period. For instance, the gross profit margin of our property investment and management segment has been substantially higher than our other segments. Moreover, the margin for the same segment is normally affected by various factors such as the location of the properties.

In addition, our profit margin can be affected by the sales model that we adopt. We began to carry distributor sales of cement and concrete produced by third parties, such as Taihang Cement and its subsidiaries, in 2006. The gross profit for distributor sales is generally lower than that for our own products. We accept the lower profit margins for distributor sales in exchange for a larger market share and greater bargaining power through larger sales volume by combining the cement produced by us and third parties.

We aim to adjust our segment focus from time to time based on a consideration of various factors including general market conditions, and to further grow the business in breadth and scope towards higher margin products in all of our business segments. The segment, product and service combinations that we decide upon from time to time may subject us to different types of market risks and may result in different profit margins. In addition, our product lines may become further diversified; thus, our results of operations and financial condition over the Track Record Period may not be indicative of our performance in the future.

Fair value gains on investment properties

Our investment properties consist of properties we own or hold for rental or capital appreciation purposes. All of our investment properties were revalued at the respective balance sheet dates on 31 December 2006, 2007 and 2008 and 31 March 2009 on an open market-value basis, calculated by reference to net rental income and allowing for reversionary income potential. During the Track Record Period, movements in the fair values of our investment properties have been a significant factor affecting our profit for the relevant years.

Changes in portfolio companies

During the Track Record Period, we adjusted the portfolio companies comprising our Group through various acquisitions and disposals. In general, we pursue an opportunity if we believe that the target has the potential to strengthen our market positions in the industries in which we operate or to enable us to diversify into other promising products. We dispose of a portfolio interest if the relevant business no longer falls within our core business focus or our target areas for strategic growth. As a result of the expansions and disposals undertaken by us during the Track Record Period, we operated different subsidiaries under each of our business segments during different periods. Some of these acquisitions and disposals have had impacts on our results of operations and financial condition. Period to period comparisons of the results of our operations must therefore be evaluated in light of the impact of such transactions.

Our business expansions

We continued to expand our business and operations during the Track Record Period through acquisitions of cement and building materials producers and property developers and the establishment of companies in all our business segments. We plan to continue our expansion in the future. Below is a summary of the major changes in our portfolio companies in each business segment during the Track Record Period.

Cement segment

Company	Timing of the event	Method	Shareholding percentage as at the Latest Practicable Date
2008			
BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司)	August 2008	Establishment	100.0%
Taihang Huaxin	July 2008	Acquisition	33.33%(1)
Zanhuang Cement	February 2008	Establishment	86.67%(2)
2007			
Dingxin Cement	April 2007	Acquisition	85.08%(3)
Beijing Pinggu	February 2007	Acquisition	—(4)
2006			
Xinbeishui	December 2006	Establishment(5)	55.0%

Notes:

(1) Taihang Huaxin is treated as a subsidiary for accounting purpose. We control 61.67% of the outstanding shares of Taihang Huaxin through entrustment and such equity interests are treated as minority interests in our financial statements.

(2) Zanhuang Cement is treated as a wholly owned subsidiary for accounting purpose based on an entrustment agreement dated 11 December 2007.

(3) Dingxin Cement is treated as a 98.5%-controlled subsidiary for accounting purpose based on an equity interest transfer agreement and an entrustment agreement dated 21 March 2007.

(4) Beijing Pinggu was sold in December 2007.

(5) The manufacturing at Xinbeishui did not commence until March 2008.

Modern building materials segment

Company	Timing of the event	Method	Shareholding percentage as at the Latest Practicable Date
2008			
Dachang BBMG Jinhaiyan Glass Wool Co., Ltd. (大廠金隅金海燕玻璃棉有限公司)	July 2008	Establishment	100.0%
Sanchong Mirrors	May 2008	Acquisition	100.0%
Gongyi Tongda Technology	March 2008(1)	Acquisition	100.0%
Xinjiang Maydos-Sanqi Coating Co., Ltd. (新疆美塗三旗塗料有限責任公司)	March 2008	Establishment	55.0%
BBMG Logistics	March 2008	Acquisition	100.0%
2007			
Dachang BBMG	February 2008(2)	Acquisition	100.0%
Inner Mongolia Jingzhongyuan Ceramic Accessory Co., Ltd. (內蒙古京中源陶瓷配套有限公司)	December 2007	Establishment	100.0%
BBMT and its subsidiaries (北京建築材料經貿有限責任公司及其子公司)	December 2007(3)	Acquisition	100.0%
Maydos – Sanqi Coating	September 2007	Acquisition	100.0%
Taiyuan Jingzhongyuan Porcelain and Ceramic Fittings Co., Ltd. (太原京中源陶瓷配套有限公司)	June 2007	Establishment	80.0%
Beijing VAWO Heat Insulation Materials Co., Ltd. (北京萬屋保溫工程材料有限公司)	April 2007	Acquisition	100.0%
2006			
Tongda Refractory	December 2006(4)	Acquisition	57.0%
Quinette Great Wall Seats	March 2006	Acquisition	60.0%

Notes:
(1) Gongyi Tongda Technology has been accounted for under the merger method of accounting since October 2007.
(2) Dachang BBMG has been accounted for under the merger method of accounting since July 2007.
(3) BBMT and its subsidiaries have been accounted for under the merger method of accounting since the earliest period presented.
(4) Tongda Refractory has been accounted for under the merger method of accounting since May 2006.

Property investment and management segment

Company	Timing of the event	Method	Shareholding percentage as at the Latest Practicable Date
2008			
Inner Mongolia BBMG Property Management Co., Ltd. (內蒙古金隅物業服務有限公司)	June 2008	Establishment	100.0%
2007			
BBMG Property	November 2007	Establishment	100.0%
2006			
Inner Mongolia BBMG Daihai Resort Co., Ltd. (內蒙古金隅岱海旅遊度假有限責任公司)	June 2006	Establishment	100.0%

Property development segment

Company	Timing of the event	Method	Shareholding percentage and at the Latest Practicable Date
2007			
BBMG-Wildwind (Hangzhou) Property Development Co., Ltd. (杭州金隅野風房地產開發有限公司)	November 2007	Establishment	80.0%
Beijing Jihongfengrun	August 2007	Acquisition	100.0%
2006			
Inner Mongolia BBMG Landmark Investment Co., Ltd. (內蒙古金隅置地投資有限公司)	August 2006	Establishment	100.0%

The acquisitions of all these subsidiaries, other than Tongda Refractory, BBMT and its subsidiaries, Dachang BBMG and Gongyi Tongda Technology, were accounted for using the purchase method of accounting. The aggregate revenue of the newly acquired subsidiaries (other than Tongda Refractory, BBMT and its subsidiaries, Dachang BBMG and Gongyi Tongda Technology) contributed to our Group's revenue during each of the years ended 31 December 2006, 2007 and 2008 was RMB8.9 million, RMB516.4 million and RMB71.7 million, respectively, and their aggregate profit/loss before tax contributed to our Group's results was a loss of RMB3.3 million in 2006 and a profit of RMB31.9 million and RMB3.9 million for 2007 and 2008, respectively. We did not acquire any subsidiary during the three months ended 31 March 2009. For the accounting treatment of the acquisitions of Tongda Refractory, BBMT and its subsidiaries, Dachang BBMG and Gongyi Tongda Technology, see "*— Basis of Presentation of Financial Information — Our financial information*" above.

Our disposals

During the Track Record Period, we disposed of 41 subsidiaries in total, including the disposal of 33 Transferred Out Entities in December 2007 to our Parent. As at the date of the disposal, the net liabilities of the subsidiaries disposed during the year ended 31 December 2006 was RMB2.5 million. The net assets of the subsidiaries disposed of during the years ended 31 December 2007 and 2008 were RMB294.0 million and RMB15.6 million, respectively.

In 2007, the Transferred Out Entities contributed approximately RMB980.8 million of revenue and RMB1.4 million, of net loss to our Group. As at the date of the disposal, the aggregate net asset value of the Transferred Out Entities was RMB294.0 million. At the time of disposal, the Transferred Out Entities collectively employed approximately 2,700 employees. The table below sets out the name and main business of each of the Transferred Out Entities:

Name	Segment	Main business[(1)]
Beijing Xinshan Mineral Industry Co., Ltd. (北京鑫山礦業有限責任公司)	Cement	Mining and sale of crushed stone and sands
Beijing Xinyuan Mineral Industry Co., Ltd. (北京新元礦業有限責任公司)	Cement	Mining and sale of crushed stone and sands
Beijing Lvdushangke Science and Technology Co., Ltd. (北京綠都尚科科技有限公司)	Cement	Provision of related transportation services
Beijing Bowang Building Materials Factory (北京博旺建築材料廠)	Cement	Mining and sale of crushed stones and sands
Beijing Yanshan	Cement	Sale of cement
Beijing Pinggu	Cement	Sale of cement
Beijing Decoration Paper Plant Co., Ltd. (北京市裝飾紙廠有限責任公司)	Modern building materials	Printing of decoration paper

Name	Segment	Main business(1)
Beijing Yaxin Special Building Materials Co., Ltd. (北京亞新特種建材有限責任公司)	Modern building materials	Production of bricks
Beijing Building Decoration Design Studio (北京市建築裝飾設計所)	Modern building materials	Provision of design and decoration services
Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司)	Modern building materials	Provision of design and decoration services
Jinhaiyan Glass Wool	Modern building materials	Manufacturing and sale of glass wool
Beijing Building Materials Boiler and Pressure Vessel Supervision and Inspection Institution (北京市建材鍋爐壓力容器檢驗所)	Modern building materials	Provision of vessel supervision and inspection services
Beijing Building Materials Industry Metrological Supervision Institute (北京市建築材料工業計量管理所)	Modern building materials	Provision of testing services
Beijing Building Materials Boiler Installation Co., Ltd. (北京建材鍋爐安裝有限責任公司)	Modern building materials	Provision of boiler installation services
Beijing Oakland Building Waterproofing Materials Co., Ltd. (北京奧克蘭建築防水材料有限公司)	Modern building materials	Provision of waterproof coating services
Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司)	Property investment and management	Property management
Beijing Fuminjinyuan Property Management Co., Ltd. (北京富民晉元物業管理有限責任公司)	Property investment and management	Provision of property management and utility services
Beijing Sanlian Stone Market Centre (北京市三聯石材市場中心)	Property investment and management	Management of Sanlian Stone Market
Beijing Furunwu Building Materials Supply and Sales Co., Ltd. (北京富潤屋建築材料供銷有限公司)	Property investment and management	Property lease
Beijing Ganlujiayuan Property Management Co., Ltd. (北京甘露家園物業管理有限責任公司)	Property investment and management	Provision of property management service
Beijing Building Hardware Decoration Materials Industry Co., Ltd. (北京市建築五金裝飾材料工業有限公司)	Property investment and management	Property lease
Beijing Jianjin Property Management Co., Ltd. (北京建金物業管理有限公司)	Property investment and management	Provision of property management service
Beijing Shuiji Science and Technology Trade Co., Ltd. (北京水機科貿有限公司)	Property investment and management	Property lease
Beijing Jinchao Decoration Materials Co., Ltd. (北京市金巢裝飾材料有限公司)	Property investment and management	Property lease
Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司)	Property investment and management	Property lease
Beijing Saiyi Colour Board Profile Co., Ltd. (北京賽易彩板型材有限公司)	Property investment and management	Sale of doors, windows and other building materials
Beijing Chaoyang New City Property Management Co., Ltd. (北京潮陽新城物業管理有限公司)	Property investment and management	Provision of property management service
Beijing Jingshi-Huaxin Stone Industry Co., Ltd. (北京京石華信石業有限公司)	Property investment and management	Property lease
Beijing Xindarui Property Management Co., Ltd. (北京信達瑞物業管理有限公司)	Property investment and management	Provision of property management service
Beijing Nanhu Property Management Co., Ltd. (北京南湖物業服務有限公司)	Property investment and management	Provision of property management service
Beijing Nanhu Business Development Co., Ltd. (北京市南湖商務有限公司)	Property investment and management	Property lease and sale of building materials
Beijing Zhongweisenhai Property Management Co., Ltd. (北京中威森海物業管理有限公司)	Property investment and management	Property lease
Beijing Fumin House Co., Ltd. (北京富民住房有限公司)	Property development	Property development

Note:

(1) Based on each entity's business licence before the time of disposal.

Cost of sales

Cement and modern building materials

In general, energy and raw materials account for a majority of our cost of sales in the cement and modern building materials segments. Fluctuations in prices for coal, electricity and raw materials have a direct impact on our results of operations. In order to minimise the impact of fluctuations in costs of materials on our results of operations, we are in the process of centralising the procurement of the major raw materials for our cement segment to increase our negotiating power. In addition, we have implemented residual heat recovery systems to generate power. We also plan to locate manufacturing sites of certain modern building materials within close proximity to sources of raw materials to reduce manufacturing costs.

Property development

The cost of sales of our property development segment is largely determined by land acquisition and relocation, construction and utility costs. We have experienced increasing land premiums in China over the past few years. Our construction costs encompass all costs for the design and construction of a project. Construction costs of our projects vary not only according to the scale of construction but also to the geology of the construction site. The construction costs paid by us to our contractors sometimes include costs of key raw materials such as steel. Given the time gap between signing project contracts and completion, some of our contracts may not reflect the prices that we will eventually pay during the execution of our projects. Our ability to mitigate increases in the purchase price of raw materials in such case may therefore be limited. The cost of sales of our property development segment is directly connected to the GFA sold and delivered during the relevant periods, which is in turn affected by a wide range of factors such as progress of construction work and sales, and some of which are beyond our control.

Seasonality

We experience seasonality in our cement and modern building materials businesses. Demand for our cement and modern building materials is seasonal because weather conditions affect the level of activities in the construction industry, especially in northern China, the geographic area in which we primarily operate. The level of construction activities in northern China, and therefore our sales, is generally lower from January to March during the winter and the Lunar New Year holiday period in the PRC.

Olympic Games

Our business is dependent on the market and overall development in the PRC and, in particular, in Beijing and the Beijing-Bohai Gulf Region. As a consequence, our sales may be affected by conditions or large-scale events in these areas. During the Track Record Period, our revenue was partly generated from projects relating to the 2008 Olympic Games in Beijing. The demand for services and products associated with these projects ended upon completion. As the 2008 Olympic Games was a one-time event, we may not see in the future a similar level of construction scale and demand as we have experienced during the Track Record Period, and our revenue during the period may therefore not be indicative of future revenue potential.

In addition, in an effort to address air quality issues prior to the 2008 Olympic Games in Beijing, the PRC Government announced a number of guidelines to reduce the level of pollution before and during the event, particularly during the two months from 20 July 2008 to 20 September 2008. As a consequence, we had to adjust the production schedule at certain of our cement and building materials plants, incur costs to improve environmental protection facilities, and adjust the construction schedule for our property development projects to accommodate the suspension of certain construction activities during this period. All of our cement plants located in Beijing were mandated to suspend production during the two-month period except for Xinbeishui. Despite being located in Beijing, Xinbeishui was allowed to keep operating during the period. Xinbeishui was an exception to the guidelines as it was capable of coping with potential toxic-waste-processing needs during the Olympic Games while maintaining high environmental compliance standards. When operating with the facilities of BBMG Mangrove Environmental, Xinbeishui is equipped with the capability of processing industrial waste when producing cement. The suspensions did not have a material impact on our cement segment results for 2008, as we addressed these temporary suspensions by increasing the production of cement before and after such period. In addition, the implementation of the guidelines resulted in the suspension of major construction work in Beijing during the period, which had a significant impact on the supply and demand for our products, in particular cement and building materials, during the second half of 2008. The actions taken as a result of this event had an effect on our results of operation and general business plan during 2008.

SUBSEQUENT EVENT

Bonds issue

On 27 April 2009, we issued an aggregate of RMB1.9 billion in principal of Bonds due 2016 to institutional investors in the PRC. The Bonds bear interest at a rate of 4.32% per year, payable on 27 April each year. The obligations under the Bonds are secured by an unconditional and irrevocable guarantee provided by Beijing State-owned Capital Operation Management Centre, an independent third party. For further details of the Bonds, see "— *Working Capital — Liquidity — Bonds*" below.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Preparation of our financial statements requires us to make estimates and judgements in applying the critical accounting policies that have a significant effect on the consolidated results that we report in our consolidated financial statements. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. However, actual results may differ from these estimates under different assumptions and conditions. The selection of critical accounting policies, the judgements and other uncertainties affecting our application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our audited consolidated financial information. Our principal accounting policies are set out in detail in Note 3, and our significant accounting estimates and judgements are set out in detail in Note 4, of the Accountants' Report in Appendix I to this prospectus. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we believe the following critical accounting policies and estimates warrant particular attention.

Revenue recognition

We recognise revenue when it is probable that the economic benefits will flow to our Group and when the revenue can be reliably measured, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that we maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, which is when the construction work has been completed and the properties have been delivered to the buyer. Deposits and installments received in respect of properties sold prior to the date of revenue recognition are included in the consolidated statements of financial position under current liabilities;

(c) rental income, on a time proportion basis over the lease terms;

(d) from the rendering of services, when such services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the entity;

(e) property management income, when the related management services have been provided;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(g) dividend income, when the Shareholders' right to receive payment has been established.

We sometimes request contractors engaged in our property development projects to procure products under our own brands. In such cases, our Group recognises the revenue from the sale of these products when the delivery has occurred and the significant risks and rewards of ownership have been transferred to the contractors. We do not have control over the goods once they are delivered to the contractors.

Fair value of investment properties

Investment properties are properties held for rental income, capital appreciation or both. Investment properties are initially measured at cost, including transaction costs, and subsequently stated at fair value at each balance sheet date.

Gains or losses arising from changes in fair value or upon the retirement or disposal of investment properties are recorded in the income statement in the year in which they arise or the year of the retirement or disposal. When we transfer a property from an inventory to an investment property or complete the construction or development of an investment property, the difference between the fair value of the property at the date of transfer or completion and its previous carrying amount is recognised in the income statement.

Investment properties that are completed are revalued at each balance sheet date based on their fair market value by professional property valuers. These valuations were conducted based on certain assumptions subject to uncertainty. The valuations are made by reference to current market rentals for similar properties and rely on certain assumptions based on market conditions existing at the balance sheet date after discussions with our management.

Investment properties

Investment properties are measured initially at cost, including transaction costs, and subsequently stated at fair value, which reflects market conditions at the balance sheet date. Property under development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed. Our management has concluded that the fair value of our investment properties under construction cannot be measured reasonably, therefore, our investment properties under construction continue to be measured at cost until construction is completed.

Property, plant and equipment and depreciation

The amount of depreciation expenses to be recorded on an asset is affected by a number of our estimates, such as estimated useful life and residual value. If different judgements are used, material differences may result in the amount and timing of the depreciation charges related to the asset.

Depreciation expenses for our property, plant and equipment are calculated on a straight-line basis over their estimated useful lives. Various annual rates were used for different properties, plants and equipments.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Buildings and other assets under construction are reclassified and depreciated when completed and ready for use.

Inventories

We review the aging analysis of our inventories at each balance sheet date and make provisions for obsolete and slow moving inventory items identified as no longer suitable for sale. We estimate the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. We carry out an inventory review at each balance sheet date and make provisions for obsolete items.

PRC land appreciation tax

We estimate and make provisions of land appreciation tax based on our understanding of the requirements set out in the relevant PRC tax laws and regulations. The actual amounts of land appreciation tax are determined by the PRC tax authorities upon completion of property development projects. The land appreciation tax provisions with respect to certain property development projects are made by us based on our estimates at the time of the recognition of relevant sales revenue while the actual tax amounts are finalised by the PRC tax authorities after the completion of sales of the projects. The final amounts determined by the tax authorities could be different from the amounts that were initially recorded, and therefore the provisions made and expenses recorded in relation to land appreciation tax may be subsequently changed.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related polices are required in determining the provision of corporate income taxes. Where the final tax outcome of these matters are different from the amounts originally recorded, the differences will impact the corporate income tax and tax provisions in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. We make an estimate on deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

We estimate the recoverable amount of an asset (other than inventories, deferred tax assets, financial assets, investment properties and goodwill) when an indication of impairment comes to exist or when annual impairment testing for an asset is required. Recoverable amount of an asset is generally measured as the higher of the value-in-use and the fair value less costs to sell.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. When value-in-use measure is adopted, we estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

We assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Impairment of goodwill

Goodwill arising from acquisitions of subsidiaries represents the excess of the cost of the business combinations over our interest in the net fair value of the assets acquired and liabilities and contingent liabilities assumed as at the date of the acquisitions. Goodwill is recognised in the statements of financial position as an asset initially at cost and subsequently at cost less any accumulated impairment losses.

We determine whether goodwill is impaired at least on an annual basis. This requires an estimate of the value in use of the cash-generating units to which the goodwill is allocated. In this connection, we are required to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of such cash flows.

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to our income statement upon the recognition of the sales of the properties. When developing properties, we typically divide development projects into phases. Costs directly relate to the development of a certain phase are recorded as the cost of such phase. Costs that are common to different phases are allocated to individual phases based on saleable area.

We estimate development costs and other costs in relation to sales of properties before they are settled. Where final settlement of costs and cost allocation are different from our initial estimates, the increase or decrease in the costs would affect our profit or loss.

Impairment provision of trade and other receivables

Our provision policy for doubtful debts is based on ongoing evaluation of the collectability, aging analysis of outstanding receivables and on our judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of our customers were to deteriorate, which in our judgement may impair their ability to make payments, we may recognise additional impairment.

Operating lease commitments — Group as lessor

We have entered into commercial property leases on our investment property portfolio. We have determined, based on an evaluation of the terms and conditions of the arrangement, that we retain all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and properties held for sale

We determine whether a property is an investment property or property held for sale during the early development stage of the relevant property. Properties under construction intended as investment property or for sale are categorised as non-current assets and current assets, respectively. Upon completion of construction, properties intended as investment property are reclassified to investment properties and are subject to revaluation at each balance sheet date; properties intended for sale are reclassified as completed properties held for sale and are stated at the lower of cost and net realisable value.

Retirement benefits and provision of supplementary pension subsidies

We pay benefits to certain retired and early retired employees. The expenses and liabilities in relation to such benefits are determined using actuarial valuations calculated by independent valuation professionals, who assess the actuarial position of our retirement plans on an annual basis. The actuarial valuations are based on assumptions on discount rates, pension benefit inflation rates and other factors, as discussed with our management. Due to the long-term nature of the retirement plans, the assumptions and estimates are subject to uncertainty. In 2008, our Group terminated the supplementary pension subsidies plan for our employees who retire after 31 December 2007. The provision for supplementary pension subsidies as at each balance sheet date in our statements of financial position did not include any amount attributable to employees who retire after 31 December 2007. Thus, our management does not consider that the termination of the supplementary pension subsidies plan has an impact on our financial position.

DESCRIPTION OF SELECTED INCOME STATEMENT ITEMS

Revenue

Our revenue primarily comprises the proceeds from sales of cement, modern building materials and properties developed by us and recurrent income generated from the lease of our investment properties and the management and operation services that we provide for the properties we manage, after the elimination of inter-group transactions.

For each category above, our revenue represents: (i) the net invoiced value of goods sold, after allowances for returns and trade discounts, (ii) the gross proceeds, net of business tax, from the sale of properties, (iii) the value of services rendered, (iv) the gross rental income received and receivable from investment properties, and (v) the property management income.

- *Cement*. Our cement segment derives revenue from producing and selling cement and concrete, as well as processing industrial waste. This segment has contributed an increasing share of our revenue during the Track Record Period.

- *Modern building materials*. Our modern building materials segment primarily derives revenue from the sale of various modern building materials, including fixtures and decorative products, energy saving wall body and insulation materials and refractory materials, as well as building materials trading, logistics and other businesses.

- *Property investment and management*. Our property investment and management segment holds properties for rental income or for capital appreciation potential. It also derives revenue from the provision of management services and operation of hotels and resorts.

- *Property development*. Our property development segment derives revenue from the sale of our property development projects.

During the Track Record Period, we also generated revenue from sales of certain allocated lands, joint development of land in Huhhot, Inner Mongolia and other miscellaneous sales and provision of services. We ceased the sales of petroleum after sub-contracting the management and operation of Beizhuan to Sinopec. For further details, see "*Connected Transactions — Exempted Continuing Connected Transactions — Sub-contracting arrangement with respect to Beizhuan*".

Cost of sales

The cost of sales for our cement and modern building materials segments primarily consist of costs of raw materials and energy, labour and other overheads. The cost of our property investment and management segment principally consists of maintenance costs and costs of energy and consumables. The cost of our property development segment mainly comprises land acquisition and relocation costs, construction costs and utility costs. The following table sets out the amount and percentage of the cost of sales incurred by each of our four business segments for the periods indicated:

	Year ended 31 December						Three months ended 31 March			
	2006		2007		2008		2008		2009	
Segment	Cost of sales	% of total	Cost of sales	% of total	Cost of sales	% of total	Cost of sales	% of total	Cost of sales	% of total
							(unaudited)			
	(RMB in millions, except for percentages)									
Cement	1,804	33.6	2,362	36.4	2,789	43.3	545	33.2	677	42.0
Modern building materials	1,611	30.0	2,104	32.5	2,193	34.1	501	30.5	436	27.0
Property investment and management	246	4.6	295	4.6	214	3.3	53	3.2	56	3.5
Property development	1,722	32.0	1,939	29.9	1,304	20.3	548	33.3	449	27.8
Inter-segment elimination	(10)	(0.2)	(218)	(3.4)	(61)	(1.0)	(4)	(0.2)	(5)	(0.3)
Total	5,373	100.0	6,482	100.0	6,439	100.0	1,643	100	1,613	100

Other revenue, income and gains

Our other revenue, income and gains primarily consist of gross rental income from lease of plant and machinery, Government grants, relocation compensation, service fee income, bank interest income, gains on disposals of property, plant and equipment, interest income received from jointly-controlled entities, gains on disposals of subsidiaries, net exchange gains and others, such as gains from debt restructuring, gains from waivers of other payables and income from sales of scrap products and other sundry sales.

Government grants were normally given in various forms such as VAT refunds, granted mainly based on tax preferential policies for high-end and new technology enterprises and enterprises engaged in comprehensive utilisation of resources, or cash subsidies with an aim to promote technology upgrades or research and development. Government grants are normally approved with certain conditions, such as that the proceeds should be used on designated asset investments or technology projects. We believe that Government grants in the form of either VAT refunds or cash subsidies are generally available to other companies in the PRC. For further details, see "*— Taxation — PRC corporate income tax — Preferential tax treatments and Government grants*" below.

Fair value gains on investment properties, net

Investment properties are interests in land and buildings held to earn recurring rental income and for capital appreciation. Our investment properties currently mainly comprise office and commercial properties. We have not disposed of any investment property during the Track Record Period. We sold part of Phase 3 of Global Trade Centre to realise the value gained from capital appreciation in May 2009, and we may continue to do so in the future. Once a property is sold, it is excluded from our investment properties and the income from the disposal of these investment properties will be recognised as other revenue, income and gains.

Fair value gains on investment properties consist of changes in fair values of properties owned or held for rental income or capital appreciation. Increases and decreases in the fair value of investment properties are included in our consolidated income statements in the year in which they arise. The fair value gains on our investment properties for the years ended 31 December 2006, 2007 and 2008 was RMB429.5 million, RMB389.8 million and RMB910.9 million, respectively and the fair value losses for the three months ended 31 March 2009 was RMB26.4 million.

Selling and marketing expenses

Our selling and marketing expenses primarily consist of salary and employee benefits for sales staff, transportation costs, advertising expenses, depreciation costs, rental and other marketing expenses.

Administrative expenses

Our administrative expenses primarily consist of salary and employee benefits for administrative staff, social insurance fund contributions, office expenses, depreciation and amortisation of administration related assets, property taxes, expenses in relation to loans due to our Parent and entertainment expenses.

Other operating expenses, net

Other operating expenses, net, primarily consist of impairment provisions for property, plant and equipment, losses on disposal of property, plant and equipment, impairment provisions for bad debts, penalties and banking service fees.

Finance costs

Our finance costs primarily consist of interest on bank loans and loans due to our Parent. Finance costs directly attributable to the construction or production of certain assets that take a substantial period of time to prepare for their intended use or sale are capitalised as part of the cost of these assets.

Share of profits and losses of jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity. Our share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between us and our jointly-controlled entities are eliminated to the extent of our interest in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Share of profits and losses of associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which our Group has a long-term interest of generally not less than 20% of the equity voting rights and over which we are in a position to exercise significant influence. Our share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between us and our associates are eliminated to the extent of our interest in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

Tax

Tax includes corporate income tax and LAT. We are subject to PRC corporate income tax. Our LAT liabilities are generally calculated at rates ranging from 30% to 60% of the appreciation value of the land sold under the PRC law. For further details of taxation, see "— *Taxation*" below. Our effective corporate income tax rate (calculated by the formula (tax - LAT) / (profit before tax - LAT)) for the year ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 was 37.8%, 17.2%, 23.1% and 27.9%, respectively. The lower enacted tax rate, applied to the recognition of deferred tax in 2007, decreased our effective corporate income tax rate for the same year. This, in effect, is a reflection of the reduction in the PRC corporate income tax rate from 33.0% to 25.0% effective from 2008.

Profit attributable to minority interests

Profit attributable to minority interests are the portion of the profit or loss of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by us.

RESULTS OF OPERATIONS

The following discussion is based on our historical results of operations as described in "— *Basis of Presentation of Financial Information*". All segment numbers below are before inter-segment elimination.

THREE MONTHS ENDED 31 MARCH 2009 COMPARED TO THREE MONTHS ENDED 31 MARCH 2008

Revenue

Revenue increased by 0.7% to RMB2,164.2 million in the three months ended 31 March 2009 from RMB2,149.8 million in the three months ended 31 March 2008. The inter-segment elimination of revenue in the three months ended 31 March 2009 and 2008 was RMB5.1 million and RMB4.2 million, respectively.

Cement

Revenue for the cement segment increased by 30.2% to RMB833.7 million in the three months ended 31 March 2009 from RMB640.3 million in the three months ended 31 March 2008. In particular, cement sales increased to RMB590.7 million in the three months ended 31 March 2009 from RMB454.0 million in the three months ended 31 March 2008 and concrete sales increased to RMB217.8 million in the three months ended 31 March 2009 from RMB130.2 million in the three months ended 31 March 2008.

The increase in the cement segment revenue was primarily attributable to the commencement of production at Xinbeishui and Zanhuang Cement in March and July 2008, respectively, as well as an increase in the average selling price of cement by 22.3% to RMB262.8 from RMB214.8 over the comparable periods. The price increase was principally driven by higher demand, particularly for high grade cement, in Hebei Province mainly as a result of various infrastructure projects commenced in 2008 or the first three months of 2009. The sales of our concrete increased over the comparable periods, both in terms of volume sold and average selling price, due to an increase in market demand for similar reasons. Compared to the three months ended 31 March 2008, the volume of our concrete sold increased by approximately 19.2 million cb.m., or 40.8%, in the three months ended 31 March 2009, and the average selling prices of our concrete increased by 19.1% to RMB328.6 from RMB276.3 over the same period.

These increases reflect an increase in sales of our self-produced products, partially offset by a significant decrease in the cement and concrete sold on a distributorship basis. A large portion of such decrease, however, was a result of a replacement of distributor sales with the sales of our self-produced cement. Before Xinbeishui commenced production, it leased all its facilities to Beijing Cement Plant and the cement produced by Beijing Cement Plant was sold by us on a distributorship basis. These distributor sales ceased when Xinbeishui commenced its own production in March 2008. The decrease in distributor sales was also a reflection of our strategy to reduce distributor sales, which typically have a lower margin.

Modern building materials

Revenue for the modern building materials segment decreased by 10.8% to RMB558.1 million in the three months ended 31 March 2009 from RMB625.9 million in the three months ended 31 March 2008, primarily as a result of a decrease in the sales of fixtures and decorative products, mainly coloured steel panels, mineral wool acoustic boards and paint, and a reduction in our trading, logistics and other businesses, mainly export sales due to lower overseas demand. To a lesser extent, the decrease was due to a decrease in the sales of energy saving wall body and insulation materials. Except for refractory materials, most of our modern building materials are to be used or installed at the later stage of construction works. We believe the slowdown in sales of most of our modern building material products during the first three months of 2009 was largely due to a reduction in the level of construction work as a result of the market downturn, particularly at the end of 2008 and the beginning of 2009.

Despite this overall decrease in sales, however, sales of refractory materials increased, primarily because of a significant increase in the average selling price. The increase in price was principally driven by the change in product mix, through which we sold more high-end refractory materials to satisfy the demand from more sophisticated cement and metallurgical facilities.

Property investment and management

Revenue for the property investment and management segment increased by 2.5% to RMB163.0 million in the three months ended 31 March 2009 from RMB159.1 million in the three months ended 31 March 2008, primarily due to an increase in hotel revenue generated by BBMG Fengshan Resort, which we believe benefited from an increase in domestic travel as an alternative to overseas travel, which experienced a decline as a result of the recent downturn in the economy. To a lesser extent, the increase was attributable to the lease of Phase 2 of Global Trade Centre starting at the end of 2008.

Property development

Revenue for the property development segment decreased by 15.7% to RMB614.6 million in the three months ended 31 March 2009 from RMB728.7 million in the three months ended 31 March 2008, primarily due to a decrease in GFA sold to approximately 76,833 sq.m. in the three months ended 31 March 2009 from approximately 94,155 sq.m. in the three months ended 31 March 2008. While the GFA of affordable housing sold increased, the GFA of the commodity housing sold decreased by approximately 36.1% over the comparable periods. The decrease in GFA sold was partially offset by an increase in the average selling price of our delivered units to approximately RMB7,888 per sq.m. in the three months ended 31 March 2009 from approximately RMB7,459 per sq.m. in the three months ended 31 March 2008.

Cost of sales

Cost of sales decreased by 1.9% to RMB1,612.7 million in the three months ended 31 March 2009 from RMB1,643.3 million in the three months ended 31 March 2008. The inter-segment elimination of cost of sales in the three months ended 31 March 2009 and the three months ended 31 March 2008 was RMB4.6 million and RMB4.0 million, respectively.

Cement

Cost of sales for the cement segment increased by 23.8% to RMB676.0 million in the three months ended 31 March 2009 from RMB546.1 million in the three months ended 31 March 2008, primarily due to the increase in cement and concrete sales and an increase in costs of energy and raw materials. Limestone is the primary raw material that we use to produce cement. The average cost of limestone increased over the comparable periods as a combined result of increases in procurement cost and our own excavation cost. The price of coal and electricity also increased over the same periods.

Modern building materials

Cost of sales for the modern building materials segment decreased by 12.9% to RMB436.1 million in the three months ended 31 March 2009 from RMB500.9 million in the three months ended 31 March 2008, primarily due to the decrease in sales. The decrease was partially offset by an increase in prices of primary raw materials for certain products, in particular granular cotton for mineral wool acoustic boards and alum earth for refractory materials.

Property investment and management

Cost of sales for the property investment and management segment increased by 6.6% to RMB56.3 million in the three months ended 31 March 2009 from RMB52.8 million in the three months ended 31 March 2008, primarily reflecting the higher costs spent on decoration and consumables during the initial operational period of Phase 2 of Global Trade Centre.

Property development

Cost of sales for the property development segment decreased by 18.0% to RMB449.0 million in the three months ended 31 March 2009 from RMB547.6 million in the three months ended 31 March 2008, primarily due to the 18.4% decrease in the GFA sold in the three months ended 31 March 2009.

Gross profit and gross margin

As a result of the foregoing, gross profit increased by 8.9% to RMB551.5 million in the three months ended 31 March 2009 from RMB506.4 million in the three months ended 31 March 2008. Our consolidated gross margin increased to 25.5% in the three months ended 31 March 2009 from 23.6% in the three months ended 31 March 2008.

Cement

Gross profit for the cement segment increased by 67.4% to RMB157.7 million in the three months ended 31 March 2009 from RMB94.2 million in the three months ended 31 March 2008. Gross margin increased to 18.9% in the three months ended 31 March 2009 from 14.7% in the three months ended 31 March 2008. The increase in gross margin was primarily due to the increase of the sale of our self-produced products as a percentage of our total cement sales. The gross margin of the sale of our own cement products is generally higher than the sale of cement on a distributorship basis.

Modern building materials

Gross profit for the modern building materials segment decreased by 2.4% to RMB122.0 million in the three months ended 31 March 2009 from RMB125.0 million in the three months ended 31 March 2008. Gross margin increased to 21.9% in the three months ended 31 March 2009 from 20.0% in the three months ended 31 March 2008. The increase in gross margin was mainly attributable to an increase in the average selling price of our refractory materials, as we sold more high-end products during this period to satisfy demands from the construction of more sophisticated cement and metallurgical facilities. The gross margin of our trading, logistics and other businesses also increased as a result of a decrease in export sales, which typically have a lower margin. By contrast, the gross margin of the sales of fixture and decorative products as well as energy wall body and insulation materials both declined. The cost of sales of these productions did not decrease proportionally to their revenue as certain costs were fixed in nature.

Property investment and management

Gross profit for the property investment and management segment increased by 0.4% to RMB106.7 million in the three months ended 31 March 2009 from RMB106.3 million in the three months ended 31 March 2008. Gross margin decreased to 65.5% in the three months ended 31 March 2009 from 66.8% in the three months ended 31 March 2008. The decrease in gross margin was mainly due to the higher costs associated with the initial operations of Phase 2 of Global Trade Centre, and lower rental income from the same property during the initial rental exemption period under the lease contracts.

Property development

Gross profit for the property development segment decreased by 8.6% to RMB165.6 million in the three months ended 31 March 2009 from RMB181.1 million in the three months ended 31 March 2008. Gross margin increased to 27.0% in the three months ended 31 March 2009 from 24.8% in the three months ended 31 March 2008, mainly due to an increase in the average selling price per unit of our commodity housing, and a change in the mix of our commodity housing products where we sold more commercial space, which typically have a higher margin.

Other revenue, income and gains

Other revenue, income and gains decreased by 9.1% to RMB81.5 million in the three months ended 31 March 2009 from RMB89.7 million in the three months ended 31 March 2008. The decrease was primarily due to the cessation of the lease of Xinbeishui's production facilities to Beijing Cement Plant, as well as a decrease in income derived from processing waste. The decrease was partially offset by an increase in VAT refund attributable to increased sales, and an increase in sales of refractory raw materials sourced from third parties when we provided one-stop design and installation services to our refractory materials customers.

Fair value gains/(losses) on investment properties

Fair value losses on investment properties were RMB26.4 million in the three months ended 31 March 2009, compared to fair value gains of RMB54.0 million in the three months ended 31 March 2008. The loss in the three months ended 31 March 2009 was mainly due to the depreciation of our properties in Beijing as a result of the market downturn. In addition, compared to the three months ended 31 March 2008, we did not complete any new investment property during the three months ended 31 March 2009.

Selling and marketing expenses

Selling and marketing expenses increased by 12.0% to RMB95.9 million in the three months ended 31 March 2009 from RMB85.6 million in the three months ended 31 March 2008. Selling and marketing expenses as a percentage of revenue was 4.4% in the three months ended 31 March 2009 and 4.0% in the three months ended 31 March 2008.

Cement

Selling and marketing expenses for the cement segment increased by 29.5% to RMB21.5 million in the three months ended 31 March 2009 from RMB16.6 million in the three months ended 31 March 2008, primarily due to the commencement of production at Xinbeishui and Zanhuang Cement in March and July 2008, respectively, and an increase in transportation expenses due to an increase in sales. These increases were partially offset by a decrease in our cement companies' advertising fees.

Modern building materials

Selling and marketing expenses for the modern building materials segment remained relatively stable at RMB56.3 million in the three months ended 31 March 2009 compared to RMB56.0 million in the three months ended 31 March 2008.

Property investment and management

Selling and marketing expenses for the property investment and management segment increased by 78.3% to RMB8.2 million in the three months ended 31 March 2009 from RMB4.6 million in the three months ended 31 March 2008, primarily due to increases in real estate agent fees and advertising fees incurred for Phase 2 of Global Trade Centre.

Property development

Selling and marketing expenses for the property development segment increased by 17.9% to RMB9.9 million in the three months ended 31 March 2009 from RMB8.4 million in the three months ended 31 March 2008, primarily due to increases in advertising fees and sales commission, partially offset by a decrease in real estate agent fees.

Administrative expenses

Administrative expenses increased by 5.7% to RMB224.6 million in the three months ended 31 March 2009 from RMB212.4 million in the three months ended 31 March 2008. Administrative expenses as a percentage of revenue increased to 10.4% in the three months ended 31 March 2009 from 9.9% in the three months ended 31 March 2008.

Cement

Administrative expenses for the cement segment increased by 47.4% to RMB51.3 million in the three months ended 31 March 2009 from RMB34.8 million in the three months ended 31 March 2008. The increase was primarily due to the commencement of production at Xinbeishui and Zanhuang Cement in March and July 2008, respectively.

Modern building materials

Administrative expenses for the modern building materials segment increased by 6.9% to RMB64.8 million in the three months ended 31 March 2009 from RMB60.6 million in the three months ended 31 March 2008, primarily due to an increase in salaries and employee benefits of the staff at our subsidiaries selling refractory materials and an addition of land use rights, which led to an increase in depreciation cost of intangible assets.

Property investment and management

Administrative expenses for the property investment and management segment increased by 4.6% to RMB43.3 million in the three months ended 31 March 2009 from RMB41.4 million in the three months ended 31 March 2008, primarily due to an increase in salaries and employee benefits mainly at BBMG Fengshan Resort as a result of an increase in business.

Property development

Administrative expenses for the property development segment decreased by 2.8% to RMB24.0 million in the three months ended 31 March 2009 from RMB24.7 million in the three months ended 31 March 2008, primarily due to a decrease in entertainment expenses and salaries and employee benefits, partially offset by an increase in consulting fees for the improvement of management system at Beijing GEM.

Headquarters

Administrative expenses for our headquarters decreased by 16.3% to RMB42.7 million in the three months ended 31 March 2009 from RMB51.0 million in the three months ended 31 March 2008, primarily due to a decrease in the expenses associated with the preparation of the initial public offering.

Other operating expenses, net

Other operating expenses, net, decreased by 69.7% to RMB5.7 million in the three months ended 31 March 2009 from RMB18.8 million in the three months ended 31 March 2008, primarily due to a decrease in depreciation expenses in association with the assets leased by Xinbeishui to Beijing Cement Plant, and a decrease in bad debt provision.

Finance costs

Finance costs decreased by 32.4% to RMB50.3 million in the three months ended 31 March 2009 from RMB74.4 million in the three months ended 31 March 2008, primarily due to a decrease in the interest rates applicable to our outstanding debt.

Share of profits and losses of jointly-controlled entities

We recorded a loss of RMB3.3 million in share of profits and losses of jointly-controlled entities in the three months ended 31 March 2009 compared to a loss of RMB1.4 million in the three months ended 31 March 2008. The loss in the three months ended 31 March 2009 was primarily due to the losses incurred by BBMG Vanke and Jinjian (Tianjin) Landmark Property Development and Investment Co., Ltd. (金建(天津)置業投資有限責任公司).

Share of profits and losses of associates

We recorded a loss of RMB8.6 million in shares of profits and losses of associates in the three months ended 31 March 2009 compared to a loss of RMB5.1 million in the three months ended 31 March 2008. The loss in the first three months ended 31 March 2009 was largely due to the losses incurred by Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板有限公司) and Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司).

Tax

Tax expenses decreased by 19.8% to RMB68.6 million in the three months ended 31 March 2009 from RMB85.5 million in the three months ended 31 March 2008. The tax decrease mainly reflected the deferred tax credit recognised for the fair value loss of our investment properties. Our tax includes corporate income tax and LAT provision. Our effective corporate income rate increased to 27.9% in the three months ended 31 March 2009 from 26.0% in the three months ended 31 March 2008. Our LAT provisions for the three months ended 31 March 2009 and 2008 were RMB10.7 million and RMB26.9 million, respectively.

Profit for the period

As a result of the above, our profit for the period decreased by 10.4% to RMB149.7 million in the three months ended 31 March 2009 from RMB167.1 million in the three months ended 31 March 2008.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased by 9.7% to RMB141.8 million in the three months ended 31 March 2009 from RMB157.1 million in the three months ended 31 March 2008. Accordingly, our net profit margin decreased to 6.6% in the three months ended 31 March 2009 from 7.3% in the three months ended 31 March 2008.

Profit attributable to minority interests

Profit attributable to minority interests decreased to RMB8.0 million in the three months ended 31 March 2009 from RMB10.0 million in the three months ended 31 March 2008.

YEAR ENDED 31 DECEMBER 2008 COMPARED TO YEAR ENDED 31 DECEMBER 2007

Revenue

Revenue increased by 5.8% to RMB8,550.7 million in 2008 from RMB8,080.5 million in 2007. The inter-segment elimination of revenue in 2008 and 2007 was RMB64.3 million and RMB315.3 million, respectively.

Cement

Revenue for the cement segment increased by 20.7% to RMB3,314.8 million in 2008 from RMB2,745.8 million in 2007. In particular, cement sales increased to RMB2,487.8 million from RMB2,156.1 million and concrete sales increased to RMB679.8 million from RMB405.4 million over the same period.

Our cement sales increased in 2008 largely as a result of an increase in the average selling price per tonne of cement to RMB258 in 2008 from RMB217 in 2007. The average selling price increased because of an increase in the cost of raw materials, an increase in market demand for cement and an adjustment in supply of cement, resulting from the Government's efforts in 2008 to consolidate the cement industry by shutting down small-sized cement factories in Beijing. The increase in sales was also due to the effect of full year sales contributions by Dingxin Cement in 2008, compared to approximately eight months' contributions in 2007, after we acquired it in April 2007. In 2008, Dingxin Cement successfully won the bids for the Government's construction of Beijing-Shanghai Express Railway, Zhungeer-Shuozhou Railway and the "South-to-North Water Diversion" project in China.

Such increase in revenue was partially offset by a slight decrease of approximately 0.4 million tonnes in the volume of cement sold, mainly because the production of Liulihe Cement and certain companies located in Beijing with which we have distribution arrangements were temporarily suspended during the two months from 20 July 2008 to 20 September 2008. The suspension was mandated by the Government in accordance with its policy announced in 2008 to address the air quality issues prior to the 2008 Olympic Games in Beijing.

Our concrete sales increased in 2008 as a result of increases in both price and volume sold. The average selling price per cubic metre of our concrete increased to RMB302 in 2008 from RMB267 in 2007, primarily due to an increase in the cost of cement and an increase in market demand attributable to the 2008 Olympic Games in Beijing. The volume of concrete sold increased by approximately 0.7 million cb.m. in 2008.

Our cement results for 2008 included one additional subsidiary that was not part of our Group in 2007, namely Zanhuang Cement, which commenced production in July 2008, and excluded two subsidiaries that were a part of our Group in 2007, namely Beijing Yanshan and Beijing Pinggu, which were disposed of in December 2007. In December 2007, we also disposed of six companies in the cement segment which were dormant, non-performing or engaged in non-core businesses with our Parent. See "— *Key Factors Affecting Our Results of Operations and Financial Condition — Changes in portfolio companies*".

Modern building materials

Revenue for the modern building materials segment increased by 5.4% to RMB2,701.7 million in 2008 from RMB2,564.0 million in 2007, primarily due to the following:

- an increase in the sales of refractory materials mainly driven by (i) increased market demand, particularly from the cement and metallurgical industries, to which Beijing Tongda and Gongyi Tongda Technology mainly supply; (ii) the consolidation of Gongyi Tongda Technology to our results since October 2007 and (iii) an increase in the average selling price of non-shaped refractory materials; and
- an increase in domestic sales of our fixtures and decorative products, mainly due to the expansion of the sales network of Tiantan Furnitures by increasing the number of its retail shops.

The increase in revenue was partially offset by the following:

- a decrease in building materials trading, logistics and other business mainly due to the disposal of Beijing Building Decoration & Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) and Beijing Building Decoration Design Studio (北京市建築裝飾設計所), the companies providing design and decoration services; and
- a decrease in the sales of energy saving wall body and insulation materials mainly because we temporarily suspended the production of glass wool after we disposed of Jinhaiyan Glass Wool at the end of 2007. We expect to resume the production of glass wool after commencing operations of our new production line in Dachang Industrial Park in 2009.

At the end of 2007, we disposed of eight companies in this segment that were dormant, non-performing or engaged in non-core businesses and acquired Gongyi Tongda Technology. In 2008, we acquired Sanchong Mirrors and BBMG Logistics, and established Xinjiang Maydos-Sanqi Coating Co., Ltd. (新疆美涂三旗涂料有限公司) and Dachang BBMG Jinhaiyan Glass Wool Co., Ltd. (大廠金隅金海燕玻璃棉有限公司) See "*— Key Factors Affecting Our Results of Operations and Financial Condition — Changes in portfolio companies*".

Property investment and management

Revenue for the property investment and management segment decreased by 6.1% to RMB630.1 million in 2008 from RMB671.1 million in 2007, primarily due to a decrease in property management fees after we disposed of 17 companies engaging in property management operations, at the end of 2007. The decrease was partially offset by an increase in our rental income and, to a lesser extent, an increase in the revenue generated by our resorts and hotels operations.

In December 2007, we disposed of 17 companies in property investment and management segment that were dormant, non-performing or engaged in non-core businesses with our Parent. See "*— Key Factors Affecting Our Results of Operations and Financial Condition — Changes in portfolio companies*".

Property development

Revenue for the property development segment decreased by 18.5% to RMB1,968.3 million in 2008 from RMB2,414.9 million in 2007. Our revenue in 2007 included the proceeds from the one-time sale of land to BBMG Vanke in the amount of RMB961.9 million. Excluding this one time sale, revenue for the property development segment increased by 35.5% in 2008 comparing to 2007. Such increase was mainly attributable to an increase in the sales of our properties in 2008, which was mainly a result of a significant increase in the average selling price of our delivered units to RMB8,166 per sq.m. in 2008 from RMB6,611 per sq.m. in 2007. The price increase was principally driven by a significant increase in the proportion of the sales of our commodity housing projects. Our GFA sold also increased by 18.2% to approximately 244,895 sq.m. in 2008 from approximately 207,158 sq.m. in 2007.

Cost of sales

Cost of sales decreased by 0.7% to RMB6,438.6 million in 2008 from RMB6,481.9 million in 2007. The inter-segment elimination of cost of sales in 2008 and 2007 was RMB60.8 million and RMB218.2 million, respectively.

Cement

Cost of sales for the cement segment increased by 18.0% to RMB2,788.7 million in 2008 from RMB2,362.5 million in 2007. The cost of sales of cement increased in 2008 primarily due to a significant increase in the cost of coals. Our cement production is heavily dependant on the stable supply of coal and electricity. The cost of coal fluctuated significantly during 2008, increasing remarkably during the second half of the year but decreasing toward the year end. The average procurement cost of limestone also increased in 2008, but such increase was partially mitigated by an increase in the amount of limestone supplied by our owned mines at a lower cost. The cost of our concrete production increased primarily as a result of the increase in cement price, as well as the increase in transportation costs for raw materials resulting from the transportation control imposed during the 2008 Olympic Games in Beijing.

Modern building materials

The cost of sales for the modern building materials segment increased by 4.2% to RMB2,192.6 million in 2008 from RMB2,104.1 million in 2007, primarily due to an increase in the production and sales of refractory materials and fixtures and decorative products. This increase was partially offset by the decrease in the production and sales of energy saving wall body and insulation materials and the reduced scale of our trading, logistics and other businesses, mainly as a result of the disposal of companies providing design and decoration services. The increase in cost of sales was also attributable to increases in the prices for primary raw materials that we used to produce our major products, in particular alum earth and cement for refractory materials and granular cotton for mineral wool acoustic boards.

Property investment and management

The cost of sales for the property investment and management segment decreased by 27.3% to RMB214.4 million in 2008 from RMB295.0 million in 2007, mainly as a result of the disposal at the end of 2007 of 17 companies engaged in property management operations.

Property development

The cost of sales for the property development segment decreased by 32.7% to RMB1,303.9 million in 2008 from RMB1,938.5 million in 2007. Although the GFA sold in 2007 was less than the same in 2008, our costs of sales in 2007 was higher because we recorded a one-time cost of RMB873.3 million for the land sold to Beijing Vanke. Without taking into account such amount, the cost of sales for our property development segment in 2008 increased by 22.5%, reflecting the increase in the GFA sold during the same year.

Gross profit and gross margin

As a result of the foregoing, gross profit increased by 32.1% to RMB2,112.0 million in 2008 from RMB1,598.6 million in 2007. Our consolidated gross margin increased to 24.7% in 2008 from 19.8% in 2007.

Cement

Gross profit for the cement segment increased by 37.3% to RMB526.1 million in 2008 from RMB383.3 million in 2007. Gross margin increased to 15.9% in 2008 from 14.0% in 2007. The gross margin of our cement sales increased in 2008 because the increase in the average selling price of cement outpaced the increase in raw material costs. This increase was due to strong market demand for cement, particularly before the 2008 Olympic Games. On the contrary, the gross margin of our concrete sales decreased during the same period because of the significant increase in the cost of cement and our strategy to maintain price competitiveness in exchange for greater market share.

The overall increase in gross margin for the cement segment was also attributable to a decrease in the distributor sales as a percentage to the total sales. The distributor sales generally yield lower margins compared to the sales of our own products; through distributor sales, however, we are able to gain larger market shares and greater bargaining power by combining the volume of cement produced by us and third parties.

Modern building materials

Gross profit for the modern building materials segment increased by 10.7% to RMB509.2 million in 2008 from RMB460.0 million in 2007. Gross margin increased to 18.8% in 2008 from 17.9% in

2007. The gross margin for the sales of fixtures and decorative products increased in 2008 as we were able to lower the production costs at our major subsidiaries by optimising manufacturing processes. Our operation of trading, logistics and other businesses yielded higher gross margin in the same year after we disposed of certain non-profitable entities at the end of 2007. By contrast, the sales of refractory materials had lower gross margins as compared to 2007, as we did not raise selling prices to a level fully reflecting our cost increases as a strategy to increase our market share. The gross margin for the sales of energy saving wall body and insulation materials also decreased. The decrease was because our sales slowed down in 2008 due to the Government's policy in suspending construction work before and during the Olympic Games, but our cost did not reduce proportionally as certain costs were fixed in nature. See "— *Key Factors Affecting Our Results of Operations and Financial Condition — Olympic Games*".

Property investment and management

Gross profit for the property investment and management segment increased by 10.6% to RMB415.8 million in 2008 from RMB376.1 million in 2007. Gross margin increased to 66.0% in 2008 from 56.0% in 2007 because most of the companies we disposed of at the end of 2007 had lower margins compared to the companies that we currently hold.

Property development

Gross profit for the property development segment increased by 39.5% to RMB664.5 million in 2008 from RMB476.3 million in 2007. Gross margin increased to 33.7% in 2008 from 19.7% in 2007 mainly because we sold more commodity housing projects than affordable housing projects in 2008 compared to 2007. In 2008, the sales of our commodity housing projects accounted for approximately 92.3% of the segment sales compared to approximately 72.2% in 2007. The average selling price of our delivered unit increased significantly by 59.9% in 2008.

Other revenue, income and gains

Other revenue, income and gains increased by 45.7% to RMB572.6 million in 2008 from RMB393.1 million in 2007, primarily because of an increase in value-added tax refunds granted by the PRC Government to our cement and building materials operations.

Fair value gains on investment properties

Fair value gains on investment properties increased by 133.7% to RMB910.9 million in 2008 from RMB389.8 million in 2007, primarily due to the completion of Phase 2 of Global Trade Centre. The increase was partially offset by a decrease in the value of our other investment properties at the end of 2008, which was mainly due to the economic downturn.

Selling and marketing expenses

Selling and marketing expenses increased by 29.4% to RMB447.5 million in 2008 from RMB345.9 million in 2007. Selling and marketing expenses as a percentage of revenue was 5.2% in 2008 and 4.3% in 2007.

Cement

Selling and marketing expenses for the cement segment increased by 39.8% to RMB140.9 million in 2008 from RMB100.8 million in 2007. The increase was mainly due to the effect of full year contribution by Dingxin Cement in 2008, an increase in the agency fees paid to Taihang Cement for increased distributor sales, and an increase in lease expenses for office facilities after Xinbeishui commenced operations.

Modern building materials
Selling and marketing expenses for the modern building materials segment increased by 16.5% to RMB213.0 million in 2008 from RMB182.9 million in 2007, primarily due to an increase in the number of sales staff after we opened new building materials retail shops, as well as an increase in transportation and warehouse expenses resulting from the increased sales.

Property investment and management
Selling and marketing expenses for the property investment and management segment remained relatively stable at RMB29.1 million in 2008 and RMB28.2 million in 2007.

Property development
Selling and marketing expenses for the property development segment increased by 98.5% to RMB67.5 million in 2008 from RMB34.0 million in 2007, primarily due to an increase in the advertising fees for the advance promotion of the launch of property projects in Hanzhou and Inner Mongolia, and an increase in the agent fees incurred in response to the increasing market competition.

Administrative expenses
Administrative expenses increased by 4.3% to RMB890.3 million in 2008 from RMB853.3 million in 2007. Administrative expenses as a percentage of revenue slightly decreased to 10.4% in 2008 from 10.6% in 2007. Total administrative expenses incurred by the Transferred Out Entities in 2007, mainly salaries and employee benefits, office expenses and depreciation and amortisation of administration related assets, was RMB113.3 million. The disposal of these entities had an offsetting effect on our administrative expenses in 2008.

Cement
Administrative expenses for the cement segment increased by 29.2% to RMB209.8 million in 2008 from RMB162.4 million in 2007 mainly due to the effect of full year contribution by Dingxin Cement in 2008 and the commencement of operation of Xinbeishui and Zanhuang Cement during the same year.

Modern building materials
Administrative expenses for the modern building materials segment increased by 11.4% to RMB270.0 million in 2008 from RMB242.3 million in 2007, primarily due to an increase in salaries and employee benefits resulting from the acquisition of Gongyi Tongda Technology, the opening of new building materials retail shops and an increase in our contributions to the housing reserve fund. The amortisation and depreciation expenses also increased as a result of the new acquisition.

Property investment and management
Administrative expenses for the property investment and management segment decreased by 14.8% to RMB168.1 million in 2008 from RMB197.4 million in 2007, primarily as a result of the disposal of companies at the end of 2007.

Property development
Administrative expenses for the property development segment slightly increased by 4.9% to RMB96.3 million in the 2008 from RMB91.8 million in 2007, primarily due to an increase in the consulting fees incurred by Beijing GEM for the improvement of its management system.

Headquarters
Administrative expenses for our headquarters decreased by 7.4% to RMB150.9 million in 2008 from RMB162.9 million in 2007. The decrease was primarily due to a decrease in the expenses in relation to the advance from our Parent through which our Parent passed down the proceeds from the issuance of the Corporate Debenture. See "*Relationship with Controlling Shareholders — Arrangement in Relation to Corporate Debenture Issued by Our Parent*".

Other operating expenses, net
Other operating expenses, net, increased by 61.0% to RMB87.6 million in 2008 from RMB54.4 million in 2007, primarily due to an increase in the technical services provided by our cement operations.

Finance costs
Finance costs decreased by 12.8% to RMB228.4 million in 2008 from RMB261.9 million in 2007. The decrease was primarily attributable to a decrease in interest rates as a combined result of the decrease in the PRC interest rate, as well as the reduction in our borrowing cost by centralising the negotiations between each group company and banks at the Group level.

Share of profits and losses of jointly-controlled entities
The share of losses of our jointly-controlled entities increased to RMB16.8 million in 2008 from RMB5.6 million in 2007. The loss in 2008 was primarily incurred by BBMG Vanke.

Share of profits and losses of associates
The share of losses of our associates increased to RMB17.6 million in 2008 from RMB1.2 million in 2007. The loss in 2008 was largely due to the losses incurred by Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司) and Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板有限公司).

Tax
Tax expense increased by 215.0% to RMB521.4 million in 2008 from RMB165.5 million in 2007. Our tax expense includes corporate income tax and LAT provision. Our effective corporate income tax rate increased to 23.1% in 2008 from 17.2% in 2007. The lower effective tax rate in 2007 was primarily due to the reversals of deferred tax liabilities recognised in the previous year.

The New EIT Law, which came into effect on 1 January 2008, supersedes the previous income tax law, which applied different tax rates to domestic and foreign enterprises. For further details, see "— *Taxation*" below. As a result of the new law, the applicable income tax rates for our Group companies were lowered from 33% to 25%, subject to the various preferential tax rates or tax benefits to which our Group companies are currently entitled. Due to the decrease, the deferred tax liabilities recognised in the past years at rates in excess of 25% were reversed back. Our LAT provisions for the years ended 31 December 2007 and 2008 were RMB21.7 million and RMB105.7 million, respectively.

Profit for the year
As a result of the above, our profit for the year increased by 99.8% to RMB1,386.0 million in 2008 from RMB693.8 million in 2007.

Profit attributable to owners of the Company
Profit attributable to owners of the Company increased by 105.2% to RMB1,320.8 million in 2008 from RMB643.6 million in 2007. Accordingly, our net profit margin increased to 15.4% in 2008 from 8.0% in 2007.

Profit attributable to minority interests
Profit attributable to minority interests increased by 29.9% to RMB65.2 million in 2008 from RMB50.2 million in 2007.

YEAR ENDED 31 DECEMBER 2007 COMPARED TO YEAR ENDED 31 DECEMBER 2006

Revenue
Revenue increased by 22.2% to RMB8,080.5 million in 2007 from RMB6,612.3 million in 2006. The inter-segment elimination of revenue in 2007 and 2006 was RMB315.3 million and RMB19.6 million, respectively.

Cement
Revenue for the cement segment increased by 37.2% to RMB2,745.8 million in 2007 from RMB2,001.5 million in 2006. In particular, cement sales increased to RMB2,156.1 million from RMB1,516.8 million and concrete sales increased to RMB405.4 million from RMB355.2 million.

The increase in our cement sales was primarily due to an increase in the volume of cement sold from 6.7 million tonnes in 2006 to 10.8 million tonnes in 2007. The increase was primarily attributable to an increase in market demand and the acquisition of Dingxin Cement and Beijing Pinggu in April 2007 and February 2007, respectively. The volume of cement sold by Dingxin Cement represented approximately 26.7% of our total cement sold in the year ended 31 December 2007. We acquired Beijing Pinggu in February 2007 but have disposed of the entity due to irregularities with respect to its compliance with environmental protection regulations and defects in land title. In aggregate, Dingxin Cement and Beijing Pinggu contributed approximately RMB688.3 million in revenue in 2007, representing approximately 25.1% of the segment revenue for the same period. Our cement distributor sales amounted to RMB806.1 million in 2006 and RMB941.7 million in 2007, which represented approximately 40.3% and 34.3% of the cement segment revenue in 2006 and 2007, respectively. To a lesser extent, the overall increase in revenue was attributable to an increase in volume of concrete sold as a result of the expansion of our production capacity through the lease of a new concrete mixing station, Beijing Junxing Concrete Co., Ltd. (北京軍星混凝土有限公司), a subsidiary of Taihang Cement. For further details of this facility, see "*Business — Cement Segment — Production capacity and volume*". We leased the mixing station for six months from 1 July 2007.

The increase in sales was partially offset by the decrease in the average selling price of cement to RMB217 in 2007 from RMB231 in 2006 due to an increase in sales of cement outside of Beijing in 2007 after we acquired Dingxin Cement. Dingxin Cement manufactures and sells cement outside of Beijing, where average cement market prices are generally lower than the same sold in Beijing.

Therefore, an increase in the sales of Dingxin's cement as a percentage of our product mix will have the tendency to lower the average selling price of our cement. The decrease in the average selling price of cement also resulted from the inclusion of Beijing Pinggu, which produced more lower-grade, and therefore lower-priced, cement. Due to intense competition in Beijing, the average selling price of concrete slightly decreased to RMB267 in 2007 from RMB272 in 2006.

Our cement results for 2007 included the results of two additional subsidiaries that were not a part of our Group in 2006, namely Dingxin Cement and Beijing Pinggu.

Modern building materials

Revenue for the modern building materials segment increased by 33.4% to RMB2,564.0 million in 2007 from RMB1,921.8 million in 2006, primarily due to the following:

- an increase in the building materials trading, logistics and other businesses mainly driven by an increase in market demand;
- an increase in sales of fixtures and decorative products, mainly driven by (i) an increase in the sales of furniture and wooden products, reflecting the resumption of production by Tiantan Furniture in 2007 after its relocation in 2006 and an increase in export sales, (ii) an increase in the sales of coating and (iii) an increase in the sales of mineral wool acoustic boards;
- an increase in sales of refractory materials primarily driven by increases in both sales volume and the average selling price of refractory materials for the cement industry, as well as the addition of new products to our product mix; and
- an increase in sales of energy saving wall body and insulation materials, principally resulting from increased market demand.

The increase in revenue from our trading, logistics and other business was also attributable to an increase in revenue derived from the provision of design and decoration services. In December 2007, we disposed of Beijing Building Decoration & Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) and Beijing Building Decoration Design Studio (北京市建築裝飾設計所), our main subsidiaries which provided such services during the Track Record Period. For the years ended 31 December 2006 and 2007, total revenue derived from these two companies amounted to RMB205.0 million and RMB340.9 million, respectively, representing approximately 10.7% and 13.3%, respectively, of the total revenue generated by the modern building material segment during the same periods.

Property investment and management

Revenue for the property investment and management segment increased by 21.4% to RMB671.1 million in 2007 from RMB552.9 million in 2006, primarily due to increases in rental, property management fees and revenue derived from resorts and hotels operations. The increases in rental and management fees were largely attributable to the addition of new properties, including Jinyu Elegancy Town, Jiahua Building and Peninsula International Apartments, to our portfolio of investment and management properties. As a result, the GFA of our investment property available for lease increased from approximately 342,990 sq.m. at the end of 2006 to 351,696 sq.m. at the end of 2007.

Property development

Revenue for the property development segment increased by 12.0% to RMB2,414.9 million in 2007 from RMB2,155.7 million in 2006, primarily attributable to the proceeds of RMB961.9 million from the sale of a parcel of land located on Zhenxing Street, Changping District, Beijing to BBMG Vanke in 2007 based on a commercial decision. We recognised a profit of RMB85.0 million from the sale of this land. This increase was also attributable to an increase in the average selling price to RMB6,611 per sq.m. in 2007 from RMB6,317 per sq.m. in 2006.

Cost of sales

Cost of sales increased by 20.6% to RMB6,481.9 million in 2007 from RMB5,373.4 million in 2006. The inter-segment elimination of cost of sales in 2007 and 2006 was RMB218.2 million and RMB9.5 million, respectively.

Cement

Cost of sales for the cement segment increased by 31.0% to RMB2,362.5 million in 2007 from RMB1,803.6 million in 2006, primarily due to an increase in sales after the acquisition of Dingxin Cement and Beijing Pinggu and an increase in distributor sales. The increase in cost of sales was mitigated by a decrease in unit cost primarily attributable to the lower production costs enjoyed by Dingxin Cement located outside of Beijing. On the other hand, the price of coal continued to increase in 2007. We have implemented residual heat recovery systems in 2007 to mitigate the impact of rising energy costs.

Modern building materials

Cost of sales for the modern building materials segment increased by 30.6% to RMB2,104.1 million in 2007 from RMB1,611.7 million in 2006, primarily due to increases in the cost of sales of our trading, logistics and other business, fixtures and decorative products, energy saving wall body and insulation materials and refractory materials, which were principally due to increases in sales. Cost of certain primary raw materials that we use to produce our major products, such as fly-ash for ALC and alum earth for refractory materials, increased in 2007 from the comparable period in 2006. Cost of lumber used for furniture remained relative stable over the same periods, while the cost of certain high end lumber increased due to scarcity. Cost of granular cotton used to produce mineral wool acoustic boards decreased in 2007 as we decreased the reliance on external supply and satisfied all our demand by using granular cotton manufactured by our Group in the same year.

The increase in cost of sales was also attributable to an increase in the cost of design and decorative services. We disposed of our main subsidiaries providing such services in December 2007.

Property investment and management

Cost of sales for the property investment and management segment increased by 20.1% to RMB295.0 million in 2007 from RMB245.6 million in 2006, primarily due to an increase in GFA of our investment and management property and an increase in costs related to resort operations.

Property development

Cost of sales for the property development segment increased by 12.6% to RMB1,938.5 million in 2007 from RMB1,722.0 million in 2006, primarily due to an increase in costs associated with properties whose sales proceeds were recognised as revenue in 2007.

Gross profit and gross margin

As a result of the foregoing, gross profit increased by 29.0% to RMB1,598.6 million in 2007 from RMB1,238.9 million in 2006. Our consolidated gross margin increased to 19.8% in 2007 from 18.7% in 2006.

Cement

Gross profit for the cement segment increased by 93.7% to RMB383.3 million in 2007 from RMB197.9 million in 2006. Gross margin increased to 14.0% in 2007 from 9.9% in 2006 principally due to the decrease of lower-margined distributor sales as a percentage of total sales in 2007 following our Dingxin Cement and Beijing Pinggu acquisitions, both of which sell self-produced cement.

Modern building materials

Gross profit for the modern building materials segment increased by 48.3% to RMB460.0 million in 2007 from RMB310.1 million in 2006. Gross margin increased to 17.9% in 2007 from 16.2% in 2006. The increase was largely attributable to increases in gross margins for our energy saving wall body and insulation materials and refractory materials.

Property investment and management

Gross profit for the property investment and management segment increased by 22.4% to RMB376.1 million in 2007 from RMB307.3 million in 2006. Gross margin remained relatively stable at 56.0% in 2007 and 55.5% in 2006.

Property development

Gross profit for the property development segment increased by 9.8% to RMB476.3 million in 2007 from RMB433.7 million in 2006. Gross margin remained relatively stable at 19.8% in 2007 and 20.1% in 2006.

Other revenue, income and gains

Other revenue, income and gains increased by 1.3% to RMB393.1 million in 2007 from RMB388.2 million in 2006. The increase was primarily attributable to an increase in value-added tax refunds granted by the PRC Government to BBMG Mangrove Environmental, BBMG Concrete and Tongda Refractory for being recognised as high-end and new technology enterprises and enterprises engaged in comprehensive utilisation of resources. The increase was partially offset by a decrease in gross rental income received from the lease of plant and machinery.

Fair value gains on investment properties

Fair value gains on investment properties decreased by 9.2% to RMB389.8 million in 2007 from RMB429.5 million in 2006. Fair value gains on investment properties decreased in 2007 because we did not complete any major new investment property during the year, while by contrast, we completed Chengyuan Building (程遠商務樓) in 2006.

Selling and marketing expenses

Selling and marketing expenses increased by 26.9% to RMB345.9 million in 2007 from RMB272.5 million in 2006. Selling and marketing expenses as a percentage of revenue increased to 4.3% in 2007 from 4.1% in 2006.

Cement

Selling and marketing expenses for the cement segment increased by 46.7% to RMB100.8 million in 2007 from RMB68.7 million in 2006, primarily due to an increase in transportation expenses, largely attributable to an increase in the sales and delivery of products. Salaries and employee benefits increased due to the expansion of the employee base resulting from the acquisition of Dingxin Cement and Beijing Pinggu. Due to the growth of our services in processing industrial waste, BBMG Mangrove Environmental paid more service fees in 2007 to the contractors that it engaged to collect industrial waste than it did in 2006. The commission that we paid to our sales and marketing agents also increased as a result of the growth of sales.

Modern building materials

Selling and marketing expenses for the modern building materials segment increased by 37.0% to RMB182.9 million in 2007 from RMB133.5 million in 2006, primarily due to increases in transportation expenses and related warehouse expenses, salaries and employee benefits, sales commissions paid to our agents and other selling expenses as a result of an increase in sales. The increase in transportation expenses was largely due to the increase in sales and delivery of certain products such as refractory materials. The number of employees and rental expenses also increased in 2007 mainly due to the opening of new building materials retail shops.

Property investment and management

Selling and marketing expenses for the property investment and management segment decreased by 6.0% to RMB28.2 million in 2007 from RMB30.0 million in 2006, primarily because one of our portfolio companies, Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司), was moved to the property development segment in 2007. The move was due to the change of its business focus from property investment and management to property development in the same year.

Property development

Selling and marketing expenses for the property development segment decreased by 18.1% to RMB34.0 million in 2007 from RMB41.5 million in 2006, primarily due to a decrease in sales commissions for property agents, which was partially offset by an increase in advertising expenses. The sales commissions decreased in 2007 because we increased the use of advertisements to promote our projects to our end customers.

Administrative expenses

Administrative expenses increased by 23.4% to RMB853.3 million in 2007 from RMB691.7 million in 2006. Administrative expenses as a percentage of revenue remained stable at 10.5% in 2007 and 2006.

Cement

Administrative expenses for the cement segment increased by 63.4% to RMB162.4 million in 2007 from RMB99.4 million in 2006. The increase was primarily a result of the acquisition of Dingxin Cement and Beijing Pinggu.

Modern building materials

Administrative expenses for the modern building materials segment increased by 14.9% to RMB242.3 million in 2007 from RMB210.9 million in 2006, mainly due to increases in salaries and employee benefits, as well as technology development expenses, principally as a result of the new acquisitions in 2007 and an increase in the minimum wage.

Property investment and management

Administrative expenses for the property investment and management segment increased by 10.0% to RMB197.4 million in 2007 from RMB179.5 million in 2006, primarily due to increases in salaries and employee benefits, taxes and rental expenses as a result of the addition of new investment properties, including City One, Jinyu Elegancy Town, Jiahua Building and Peninsula International Apartments, to our portfolio.

Property development

Administrative expenses for the property development segment increased by 64.8% to RMB91.8 million in 2007 from RMB55.7 million in 2006, primarily due to increases in salaries and employee benefits as well as consulting fees for management consultancy services. The increase was in part a result of the establishment of new subsidiaries and the acquisitions in 2007.

Headquarters

Administrative expenses for our headquarters increased to RMB162.9 million in 2007 from RMB155.1 million in 2006.

Other operating expenses, net

Other operating expenses, net, decreased by 32.0% to RMB54.4 million in 2007 from RMB80.0 million in 2006. The decrease in 2007 was primarily due to a decrease in depreciation and maintenance expenses in relation to leasing assets and a decrease in write-off of and impairment provision for trade receivables and property, plant and equipment.

Finance costs

Finance costs increased by 116.4% to RMB261.9 million in 2007 from RMB121.0 million in 2006. The increase was primarily due to increases in our bank borrowing and interest rates.

Share of profits and losses of jointly-controlled entities

We recorded a loss of RMB5.6 million in share of profits and losses of jointly-controlled entities in 2007 compared to a loss of RMB0.02 million in 2006. The loss in 2007 was primarily due to the loss incurred by Maydos-Sanqi Coating, before it was acquired by our Group as a subsidiary.

Share of profits and losses of associates

We recorded a loss of RMB1.2 million in shares of profits and losses of associates in 2007 compared to a profit of RMB0.2 million in 2006.

Tax

Tax expense decreased by 53.4% to RMB165.5 million in 2007 from RMB354.8 million in 2006. Our tax expense includes corporate income tax and LAT provision. Our effective corporate income tax rate decreased to 17.2% in 2007 from 37.8% in 2006, primarily due to a decrease in deferred tax liabilities as a result of the decrease in the applicable corporate income tax rate from 33% to 25% after the promulgation of the New EIT Law. Reversals from deferred tax liabilities recognised at the rate in excess of 25% in the previous years also contributed to the decrease in our effective tax rate in 2007. Our LAT provisions for the years ended 31 December 2006 and 2007 were RMB28.1 million and RMB21.7 million, respectively.

Profit for the year

As a result of the above, our profit for the year increased by 29.2% to RMB693.8 million in 2007 from RMB536.8 million in 2006.

Profit attributable to owners of the Company

Profit attributable to owners of the Company increased by 30.2% to RMB643.6 million in 2007 from RMB494.2 million in 2006. Accordingly, our net profit margin increased to 8.0% in 2007 from 7.5% in 2006.

Profit attributable to minority interests

Profit attributable to minority interests increased by 17.8% to RMB50.2 million in 2007 from RMB42.6 million in 2006.

LIQUIDITY AND CAPITAL RESOURCES

To date we have funded our growth principally from cash generated from operations, borrowings from banks, advances and capital contributions from shareholders and issuances of new shares. Our cash requirements relate primarily to funding the development of our new property projects, the purchase of raw materials and other fixed assets, strategic investments and acquisitions and debt servicing. Our liquidity primarily depends on our ability to generate cash flows from operations and obtain external financing to meet our debt obligations as they become due, as well as our future capital expenditures.

Cash flow

The following table sets out selected cash flow data from our consolidated statements of cash flows for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2008 and 2009, respectively:

	Year ended 31 December			Three months ended 31 March	
	2006	2007	2008	2008	2009
				(unaudited)	
	(RMB in thousands)				
Net cash generated from/(used in) operating activities	400,782	(1,186,691)	827,585	320,041	(257,284)
Net cash used in investing activities	(1,852,787)	(685,500)	(2,711,980)	(544,731)	(368,767)
Net cash generated from financing activities	1,882,661	2,041,167	2,099,705	750,007	477,339

Cash flows from (used by) operating activities

Net cash used in our operating activities was RMB257.3 million in the three months ended 31 March 2009 as compared to net cash generated by our operation activities of RMB320.0 million in the three months ended 31 March 2008. The change in operating cash flows in the three months ended 31 March 2009 was mainly due to an increase in trade and bills receivables, primarily because we offered our major cement and modern building materials customers more flexibility in credit terms during the economic downturn. The change was also due to an increase in inventories, mainly comprising properties under development. The change was partially offset by a smaller degree of decrease in other payables and accruals, primarily because the proceeds from pre-sale of our properties during this period decreased by a smaller amount due to construction cycle, as compared to the three months ended 31 March 2008. The outflow was also offset by an increase in trade and bills payables, mainly reflecting increased payables from our property development segment for increased construction work.

Net cash generated from our operating activities was RMB827.6 million in 2008 as compared to net cash used by our operating activities of RMB1,186.7 million in 2007. The change in operating cash flows in 2008 was primarily due to an increase in profit before tax, a smaller degree of increase in inventories and a larger degree of decrease in prepayments, deposits and other receivables, as compared to 2007. The cash outflow resulted from the growth of our property inventories increased by a smaller amount than the same in 2007 because we acquired fewer land for our property development business and therefore paid less land premium during 2008. The cash inflow from the decrease of prepayments, deposits and other receivables was primarily as a result of the repayment of the amount due from Sinoma Cement Co., Ltd. (中材水泥有限責任公司) and Beijing Cement Plant. See "— *Working Capital — Prepayments, deposits and other receivables*". The cash inflow was partially offset by the cash outflow from the decrease in other payables and accruals, which was a consequence of our payment of the outstanding payables to our Parent in anticipation of the proposed Global Offering.

Net cash used in operating activities was RMB1,186.7 million in 2007 as compared to net cash generated from our operating activities of RMB400.8 million in 2006. The change was primarily as a result of a larger degree of increase in inventories, mainly an increase in properties developed for sale in 2007. The cash outflow was partially offset by a cash inflow caused by an increase in profit before tax, as adjusted for certain non-cash items, and a larger degree of increase in other payables and accruals, mainly reflecting increases in payments received from pre-sale of our new properties and deposits received from sale of our other products, as well as an increase in advances from the Parent Group.

For a discussion of working capital changes, see "— *Working Capital*".

Cash flows used in investing activities

Net cash used in our investing activities decreased to RMB368.8 million in the three months ended 31 March 2009 from RMB544.7 million in the three months ended 31 March 2008. The decrease was primarily due to a decrease in purchases of property, plant and equipment. The investment during the three months ended 31 March 2009 was mainly for the construction of new production line at Dingxin Cement, Dachang Industrial Park and Gongyi Tongda Technology. The decrease was partially offset by an increase in cash used in the development of investment properties, mainly Phase 2 of Global Trade Centre during the three months ended 31 March 2009.

Net cash used in investing activities increased to RMB2,712.0 million in 2008 from RMB685.5 million in 2007. The cash used in investing activities in 2008 was primarily for the purchase of property, plant and equipment for the expansion of our cement production and residual heat recovery facilities, as well as the construction of Global Trade Centre. The cash used in investing activities was also attributable to the acquisition of land use rights and the acquisition of minority interests in Liulihe Cement, Beijing Gaoling and Beijing Jianhong Property Development Co., Ltd.

(北京建宏房地產開發有限公司). The cash outflow was partially offset by a cash inflow from the repayment from a jointly-controlled company and the proceeds from disposal of property, plant and equipment.

Net cash used in investing activities decreased to RMB685.5 million in 2007 from RMB1,852.8 million in 2006. The decrease in net cash used in investing activities in 2007 primarily reflected the repayment by our Parent of an advance we extended to our Parent. This decrease was also attributable to a decrease in the purchase of property, plant and equipment, and was partially offset by a decrease in the net cash acquired through the acquisition of subsidiaries, mainly Dingxin Cement, Beijing Jihongfengrun, Beijing Pinggu and Maydos-Sanqi Coating in 2007.

Cash flows generated from financing activities

Net cash provided by our financing activities decreased to RMB477.3 million in the three months ended 31 March 2009 from RMB750.0 million in the three months ended 31 March 2008. The decrease in net cash provided by our financing activities in the three months ended 31 March 2009 was primarily due to a decrease in bank loans, as we relied more on our internally generated funding during the period for our working capital, which was partially offset by a decrease in cash used to repay our bank loans, mainly short-term lank borrowings due in such period.

Net cash provided by financing activities increased to RMB2,099.7 million in 2008 from RMB2,041.2 million in 2007. The net cash provided by financing activities in 2008 was primarily from the proceeds from bank loans and shares issue. The cash inflow was partially offset by the repayment of bank loans, mainly short-term lank borrowings due in such period, and our repayment of advances from our Parent for financing activities.

Net cash provided by financing activities in 2007 increased to RMB2,041.2 million from RMB1,882.7 million in 2006. The net cash provided by financing activities in 2007 was primarily from proceeds from bank loans as well as loans and advances from our Parent for financing activities. The cash inflow was partially offset by the repayment of bank loans.

WORKING CAPITAL

Taking into account the net proceeds available to us from the Global Offering, banking facilities available to us and our operating cash flows, our Directors are of the view that we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

Net current liabilities

We had net current liabilities of RMB2,437.3 million, RMB4,094.6 million, RMB2,260.1 million and RMB1,588.5 million as at 31 December 2006, 2007 and 2008 and 31 March 2009, respectively. Our net current liability position during the Track Record Period principally reflected other payables and accruals and interest-bearing bank loans, comprising mainly short-term loans from commercial banks. The table below sets out our current assets, current liabilities and net current liabilities at the dates indicated:

	As at 31 December			As at 31 March	As at 31 May
	2006	2007	2008	2009	2009
					(Unaudited)
	(RMB in thousands)				
Current assets					
Inventories	2,857,889	5,049,377	6,347,923	6,339,097	6,456,614
Trade and bills receivable	931,210	1,303,083	1,139,744	1,610,252	1,795,268
Prepayments, deposits and other receivables	2,747,426	2,743,068	1,499,591	1,476,532	1,822,973
Taxes recoverable	3,733	16,554	20,953	17,774	32,989
Restricted cash	86,015	92,331	135,753	123,954	160,126
Cash and cash equivalents	1,497,611	1,666,587	1,881,897	1,733,185	1,815,683
Total current assets	8,123,884	10,871,000	11,025,861	11,300,794	12,083,653
Current liabilities					
Trade and bills payable	1,499,864	1,544,549	1,961,612	2,179,564	2,339,203
Other payables and accruals	5,546,740	9,058,462	5,786,030	5,368,057	5,665,252
Dividend payable	—	54,330	19,057	19,057	38,387
Interest-bearing bank loans	3,207,444	3,961,030	5,152,200	4,914,700	3,524,300
Taxes payable	252,925	298,846	321,259	363,708	287,474
Provision for supplementary pension subsidies and early retirement benefits	54,204	48,375	45,761	44,203	44,211
Total current liabilities	10,561,177	14,965,592	13,285,919	12,889,289	11,898,827
Net current assets/(liabilities)	(2,437,293)	(4,094,592)	(2,260,058)	(1,588,495)	184,826

For further details on the risks relating to our net current liabilities during the Track Record Period, see "*Risk Factors — Risk Relating to Our General Operations — We had net current liabilities during the Track Record Period, and we relied on advances and short-term bank loans, among other cash resources, for our working capital needs*". Our future liquidity and the repayment of our outstanding debt obligations when they become due depend primarily on our ability to maintain adequate cash inflows from operating activities and our ability to obtain adequate external financing. All non-trade related amounts due to the Parent Group, including the dividend payable, will be fully settled prior to the Listing.

Other payables and accruals

Historically, our current liabilities mainly comprised other payables and accruals. During the Track Record Period, our other payables and accruals, which amounted to RMB5,546.7 million, RMB9,058.5 million, RMB5,786.0 million and RMB5,368.1 million as at 31 December 2006, 2007 and 2008 and 31 March 2009, respectively, consisted of amounts due to our Parent and its subsidiaries, receipts in advance and deposits received, as well as other payables.

Amounts due to our Parent and its subsidiaries totalled RMB1,551.0 million, RMB3,985.8 million (including loans from our Parent), RMB740.6 million and RMB700.7 million as at each of the same dates. As we expanded and streamlined our business during the Track Record Period, we entered into various transactions with our Parent. The amounts payable by us to our Parent and its subsidiaries were for or as a result of transactions such as the acquisition of subsidiaries from our Parent and the relocation of plants owned by our Parent's subsidiary located on land reserved for our property development projects. These amounts payable were also for or as a result of the sale of companies to our Parent, following which we needed to recognise payables that previously would have been eliminated at our Group level. In addition, we received advances from our Parent and its subsidiaries during the Track Record Period which enabled us to expand our business with a more favourable funding source.

The amount of other payables and accruals contributing to our net current liabilities also included proceeds from pre-sales of properties, accruals on property development costs and employee benefits, and other items, such as payments for the relocation of plants owned by third parties, land premiums under land grant contracts and the acquisition of subsidiaries from third parties. For further details on the major items and material changes in the amount of other payables and accruals during the Track Record Period, see "— *Other payables and accruals*" below.

Interest-bearing borrowings

As at 31 December 2006, 2007 and 2008 and 31 March 2009, respectively, our interest-bearing bank loans under current liabilities was RMB3,207.4 million, RMB3,961.0 million, RMB5,152.2 million and RMB4,914.7 million. We increased our short-term borrowings in 2007 to finance general working capital and property development and primary land development projects (including the acquisition of land), research and development projects, construction of the Global Trade Centre and the acquisition of Dingxin Cement. Our short-term borrowings increased as at 31 December 2008 after we repaid a significant amount of advances from our Parent, mainly to satisfy our general working capital and cash requirements primarily derived from the construction of a production line of Dingxin Cement, the construction of Dachang Industrial Park and the development of property projects in Hanzhou, Zhejiang Province. Our short-term borrowings have increased during most part of the Track Record Period to fund the expansion of our production capacity and the increasing scale of our property sales and services. Our short-term borrowings as at 31 March 2009, primarily used as general working capital, decreased as compared to 31 December 2008 as we are gradually reducing our reliance on short-term bank borrowings while we have more internally generated funding when we grow and streamline our business and operations.

Historically, we financed our long-term capital requirements, such as property development projects and share acquisitions, through short-term borrowings with a view to taking advantage of the actual lower financing costs of short-term borrowings compared with the financing costs of long-term borrowings in the PRC. Approximately 65.1% of our interest-bearing bank loans as at 31 March 2009 were due within a year. During the Track Record Period, the contractual interest rates for the loans due within a year ranged from 4.86% to 9.71% per year, while the contractual interest rates for our long-term bank loans ranged from 5.40% to 9.59%.

Liquidity

Bank borrowings

As at 31 May 2009, we had unutilised bank facilities of RMB1,737.0 million under four facilities granted by Hua Xia Bank, China Construction Bank, China Merchant Bank and Beijing Bank expiring in October 2009, December 2009, December 2009 and March 2010, respectively. During the Track Record Period, we did not experience any material difficulty in renewing our short-term loans from our principal banks upon maturity of the existing term loans. We do not normally receive from banks written confirmations for the renewal of banking facilities. However, based on our experience and our relationship with our principal banks, we believe that we will continue to be able to obtain short-term borrowings from banks on similar terms. We are not currently subject to any material financial covenants or unusual conditions that may restrict our operations or our ability to pay dividends. As at the Latest Practicable Date, we did not have any bank overdraft or other similar indebtedness.

In light of our net current liabilities position during the Track Record Period, our Directors intend to apply part of the net proceeds of the Global Offering to repay some of our outstanding short-term indebtedness. Assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$5.18 and HK$6.38 per share, being respectively the lowest and highest point of the indicative Offer Price range, the Company currently intends to apply approximately HK$674 million and HK$836 million (equivalent to approximately 15.0% of our total estimated net proceeds), respectively, to repay short-term borrowings; and approximately HK$449 million and HK$557 million (equivalent to approximately 10.0% of our total estimated net proceeds), respectively, for working capital requirements and other general corporate purposes. See "*Future Plans and Use of Proceeds*".

Although we relied heavily on short-term borrowings in the past, we are in the process of adjusting the mix of our long-term and short-term loans to further improve our working capital position. We plan to increase the use of long-term loans to finance our long-term cash requirements in the future. Of our total bank borrowings, the percentage represented by our long-term borrowings decreased from 23.5% as at 31 December 2006 to 18.1% as at 31 December 2007, but increased to 26.7% at the end of 2008 and further to 34.9% as at 31 March 2009. As at 31 May 2009, our total long-term bank loans had increased to RMB2,778.3 million. We intend to repay part of our current short-term borrowings by using cash generated from operations and the proceeds from the Global Offering. We do not currently expect to significantly increase our bank borrowings, and we do not foresee any material difficulty in repaying our outstanding borrowings.

Bonds

To enhance our liquidity, we issued an aggregate of RMB1.9 billion in principal of Bonds due 2016 to institutional investors in the PRC on 27 April 2009. The Bonds bear interest at a rate of 4.32% per year, payable on 27 April each year. Under the terms of the Bonds, the bondholders have a redemption right exercisable on the fifth anniversary of the issue date. The obligations under the Bonds are secured by an unconditional and irrevocable guarantee provided by Beijing State-owned Capital Operation Management Centre, an independent third party. The amount of commission paid to the underwriters in connection with the issuance of the Bonds was approximately RMB16.0 million. We plan to use the proceeds of the Bonds for the development of affordable housing projects, including Jinyu Meiheyuan and Shuanghui Living District, the construction of a new sludge processing facility at Xinbeishui, and as general working capital. We believe that the issuance of Bonds further strengthened our working capital position by enabling us to increase the use of long-term funding in satisfying our long-term cash requirements, and reduce our reliance on bank borrowings, which normally bear higher interest costs than the Bonds.

Cash management

During the Track Record Period, each of our Group companies managed and planned its cashflow and capital commitments separately through annual budget control. We intend to continue to focus our efforts on increasing our cash inflow from operations and strengthening our capital management system through various measures, including enhancing budgetary control at the Group level, formulating medium- to long-term capital plans to ensure appropriate use of our cash resources, and increasing our efforts to collect receivables and improve our credit policies so as to prevent the incurrence of bad debt. As a result of the foregoing and our net proceeds from the Global Offering, we expect that our liquidity will improve after the Global Offering.

Restricted cash

Our restricted cash normally consists of bank deposits pledged to banks as security for general banking facilities available to our Group and mortgage facilities provided to the purchasers of our properties. As at 31 December 2006, 2007 and 2008 and 31 March 2009, the balance of restricted cash was RMB86.0 million, RMB92.3 million, RMB135.8 million and RMB124.0 million, respectively.

Inventory

Our inventories consist of raw materials, work-in-progress, finished goods and trading stock, as well as properties under development and completed properties held for sale in our property development segment. The following table sets out a summary of our inventory balances as at the dates indicated:

	As at 31 December			As at 31 March
	2006	**2007**	**2008**	**2009**
		(RMB in thousands)		
Raw materials	207,420	138,814	251,382	218,379
Work-in-progress	86,153	67,019	155,437	165,931
Finished goods	155,690	240,721	246,999	190,596
Trading stock	64,657	125,035	163,606	181,602
Sub-total	**513,920**	**571,589**	**817,424**	**756,508**
Properties under development	1,579,320	3,825,240	4,645,412	4,322,248
Completed properties held for sale	764,649	652,548	885,087	1,260,341
Sub-total	**2,343,969**	**4,477,788**	**5,530,499**	**5,582,589**
Total	**2,857,889**	**5,049,377**	**6,347,923**	**6,339,097**

The following table sets out the inventory turnover in relation to the inventories (except for properties under development and completed properties held for sale) for the periods indicated;

	Year ended 31 December			Three months ended 31 March
	2006	2007	2008	2009
Inventory turnover (days)[1]	51	42	49	62

Note:

(1) Average inventory equals inventory at the beginning of the period plus inventory at the end of the period, divided by two. Turnover of average inventory (in days) equals average inventory divided by cost of sales of cement, modern building materials and property investment and management segments (before inter-segment elimination) and multiplied by 365 for each of the three years ended 31 December 2008 and 91 for the three months ended 31 March 2009.

A decrease in turnover days from 2006 to 2007 resulted from the disposal of our cement subsidiaries Beijing Yanshan and Beijing Pinggu at the end of 2007. The costs of sales of these companies were accounted for in the calculation of inventory turnover, though the inventory has not been included in the inventory balance at the end of the period. Our inventory turnover days increased in 2008 because the cost of sales increased by a smaller degree than the increase in inventory balance, mainly as a result of the slow down of cement and building materials production before and during the Olympic Games in 2008.

The inventories in our property development segment include properties under development for sale and completed properties held for sale. As both types of properties are held for the purpose of sale and the relevant sales are expected to be recognised within a normal operating cycle, we classify them as current assets. Properties are classified as properties under development for sale once the development activities commence, while properties under development for sale are being reclassified as completed properties held for sale upon the issuance of a registration form for inspection of completed construction by relevant government authority. The time period from the commencement of development activities to the completion of sales varies considerably depending on a range of factors, such as the progress of construction work, and some of them are beyond our control. All completed properties held for sale are stated at the lower of cost and net realisable value.

Trade receivables and trade payables

Our trade receivables primarily represent receivables from the sales of our products, including our properties, the provision of our services and the leases of our investment properties. Our trade payables primarily represent the purchase of raw materials, equipment and consumables from various suppliers and construction payments. The following table sets out the turnover of our trade receivables and trade payables for the periods indicated.

	Year ended 31 December			Three months ended 31 March
	2006	2007	2008	2009
Trade receivables turnover (days)[(1)]	50	47	46	52
Trade payables turnover (days)[(2)]	96	79	92	110

Notes:

(1) Average trade receivables equals trade receivables at the beginning of the period plus trade receivables at the end of the period, divided by two. Turnover of average trade receivables (in days) equals average trade receivables divided by revenue and then multiplied by 365 for each of the three years ended 31 December 2008 and 91 for the three months ended 31 March 2009.

(2) Average trade payables equals trade payables at the beginning of the period plus trade payables at the end of the period, divided by two. Turnover of average trade payables (in days) equals average trade payables divided by cost of sales and then multiplied by 365 for each of the three years ended 31 December 2008 and 91 for the three months ended 31 March 2009.

We grant various credit periods to customers in different segments. In the cement and modern building materials segments, we normally grant three months credit periods, which are sometimes extended up to nine months for our major customers. In our property investment and management segment, our customers are required to make the payment in accordance with the terms of the relevant lease and management agreements and sale and purchase agreements, respectively. The decrease in our trade receivable turnover days during most of the Track Record Period mainly reflected our efforts in negotiating for a faster turnaround of the receivables for our cement sales, particularly during an upturn in the market. Our trade receivable turnover days increased during the three months ended 31 March 2009 primarily because we offered our major cement and modern building materials customers more flexibility in credit terms during the economic downturn.

The credit terms that we obtain from our suppliers depend on the type of procurement. Depending on market conditions and level of our demand and procurement, we are sometimes required to place deposits, pay cash before delivery or make payments within credit periods granted by relevant suppliers. During the Track Record Period, we generally made payments within 60 to 90 days for the main purchases we made pursuant to credit periods granted by our suppliers. Payments made to our property development contractors are largely determined by contract terms and other factors such as status of construction work. The decrease in our trade payables turnover days from 2006 to 2007 reflected our strategy to expedite payments in exchange for better prices and transaction terms offered by our suppliers. Our trade payables turnover days increased in 2008 and the three months ended 31 March 2009 primarily because the trade payables balance increased as we held more properties under development as at the end of the respective period. The increase as at 31 March 2009, however, was also attributable to the flexibility in payment terms that we obtained from suppliers through negotiations during the economic downturn. For further details of the decrease in the cost of sales of property development segment, see "— *Results of Operations*" above.

The following table sets out an ageing analysis of our trade receivables, based on the invoice date, as at the respective dates indicated:

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Within 6 months	428,358	598,140	493,585	1,091,076
7 to 12 months	346,510	450,956	346,801	293,864
1 to 2 years	91,142	93,884	85,497	91,304
2 to 3 years	18,709	31,322	24,575	39,946
Over 3 years	11,393	10,975	6,938	9,693
Total	896,112	1,185,277	957,396	1,525,883

We have reversed impairment losses on trade receivable of RMB3.8 million, RMB10.9 million, RMB9.3 million and RMB0.9 million, respectively, for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009. The reversals of impairment on trade receivable during the Track Record Period were mainly due to the recovery of previously impaired trade receivables.

The following table sets out an ageing analysis of our trade payables, based on the invoice date, as at the respective dates indicated:

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Within 3 months	407,608	544,477	857,058	1,110,629
4 to 6 months	235,896	79,372	88,475	299,941
7 to 12 months	324,663	387,596	584,898	424,244
1 to 2 years	338,012	302,408	227,083	161,421
2 to 3 years	43,905	48,872	47,297	44,069
Over 3 years	55,680	43,914	22,421	22,990
Total	1,405,764	1,406,639	1,827,232	2,063,294

Prepayments, deposits and other receivables

During the Track Record Period, our prepayments, deposits and other receivables primarily consisted of (i) amounts due from the Parent Group, mainly reflecting our advances to the Parent Group; (ii) prepayments, mainly reflecting prepayments to our suppliers and deposits placed for land bidding; (iii) deposits made in connection with various procurement; and (iv) other receivables, such as lendings to associates of the Parent Group, our associates and third parties. The amount of other receivables amounted to RMB703.8 million, RMB1,310.4 million, RMB886.0 million and

RMB917.5 million as at 31 December 2006, 2007 and 2008 and 31 March 2009, respectively, which mainly comprised the following:

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Amount due from Beijing Cement Plant(1)	32,516	142,237	4,220	2,024
Amount due from Taihang Cement (associate of Parent)(1)(2)	—	8,670	12,464	4,385
Amounts due from jointly-controlled entities and associates(3)	41,771	490,723	341,370	360,885
Amount due from China National Complete Plant Import & Export Corp., Ltd (中成進出口股份有限公司) (the minority shareholder of Dingxin Cement)(4)	—	75,948	86,188	86,588
Investment amount due from Sinoma Cement Co., Ltd. (中材水泥有限責任公司)(5)	250,000	250,000	—	—
Others(6)	379,513	342,784	441,738	463,615
Total	703,800	1,310,362	885,980	917,497

Notes:

(1) The amount mainly included advances to the company.

(2) Taihang Cement became our associate in 2008.

(3) The amount mainly included advances to Jinjian (Tianjin) Landmark Property Development and Investment Co., Ltd. (金建（天津）置業投資有限責任公司), BBMG Vanke and Sanchong Mirrors. Sanchong Mirrors became our subsidiary in 2008.

(4) The amount mainly included receivables of Dingxin Cement arising before the acquisition in 2007.

(5) Investment made by us for the establishment of a new joint venture company with Sinoma. The investment plan was subsequently abolished and the amount has been returned during the first half of 2008.

(6) The amount mainly included amounts receivable from disposal of assets, other prepaid expenses and deposits, expenses and costs paid on behalf, advances to third parties and current portion of land use right.

As at 31 December 2006, 2007 and 2008 and 31 March 2009, respectively, our prepayments, deposits and other receivables was RMB2,747.4 million, RMB2,743.1 million, RMB1,499.6 million and RMB1,476.5 million. The decrease in prepayment, deposits and other receivables as at 31 December 2008 was mainly due to the full settlement of amounts due from the Parent Group in anticipation of the Global Offering and a decrease in other receivables, as detailed above.

Other payables and accruals

Historically, other payables and accruals constituted a large portion of our current liabilities position. During the Track Record Period, our other payables and accruals consisted of the following: (i) amounts due to our Parent and its subsidiaries, mainly reflecting consideration payable to our Parent and its subsidiaries for the acquisition of subsidiaries, advances from our Parent and its subsidiaries and compensation payable for relocation of plants owned by the Parent's subsidiary; (ii) receipts in advance and deposits received, mainly reflecting the proceeds from pre-sale of properties, advances for sales of cement and building materials, and others such as rental deposits; (iii) accruals, mainly on property development costs and employee benefits and (iv) other payables.

The table below sets out the breakdown of other payables and accruals by major items during the Track Record Period.

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Receipt in advance and deposits received	1,826,173	2,547,125	2,692,184	2,466,609
Accruals	872,534	737,538	1,264,399	1,175,721
Due to Parent and its subsidiaries	1,550,994	3,207,825	740,553	700,710
Loans from the Parent	—	778,000	—	—
Other payables	1,297,039	1,787,974	1,088,894	1,025,017
Total	5,546,740	9,058,462	5,786,030	5,368,057

As at 31 December 2006, 2007 and 2008 and 31 March 2009, our other payables and accruals was RMB5,546.7 million, RMB9,058.5 million, RMB5,786.0 million and RMB5,368.1 million, respectively. The decrease in other payables and accruals as at 31 December 2008 was largely attributable to a decrease in amounts due to our Parent and its subsidiaries after we settled certain advances and repaid the loans from our Parent in anticipation of the Global Offering. The substantial increase in other payables and accruals as at 31 December 2007 as compared to 31 December 2006 mainly reflected the following: (i) an increase in amounts due to our Parent and its subsidiaries primarily reflecting (a) the consideration payable to our Parent and its subsidiaries for the acquisition of subsidiaries during this period; (b) the amounts payable as a result of the sale of companies to our Parent, following which we need to recognise payables that previously would have been eliminated at our Group level and (c) the retirement benefits of the employees of subsidiaries being sold to our Parent and its subsidiaries in December 2007; (ii) the shareholder's loans from our Parent passing down the proceeds from the Corporate Debenture issued by our Parent, as the proceeds of the debenture are approved to be used on projects being transferred to us through the Reorganisation; and (iii) an increase in advance and deposits received, mainly reflecting proceeds from pre-sale of our new properties and sale of our other products.

The amount of other payables was RMB1,297.0 million, RMB1,788.0 million, RMB1,088.9 million and RMB1,025.0 million as at 31 December 2006, 2007 and 2008 and 31 March 2009, respectively. As at each of such dates, the amount of other payables mainly consisted of land premiums payable to the Government under the land grant contracts and payables to the associates of our Parent. In addition, the amount of other payables as at 31 December 2006 consisted of Government's subsidies on our building materials manufacturing in the form of loans. As at 31 December 2007 and 2008 and 31 March 2009, other payables also included the amount payable to the minority shareholders in connection with the acquisition of Dingxin Cement.

All amounts due to the Parent Group that are non-trade related will be fully settled prior to the Listing. For further details on the Corporate Debenture, see "*Relationship with Controlling Shareholder — Arrangement in Relation to Corporate Debenture Issued by Our Parent*".

MAJOR FINANCIAL RATIOS

Gearing ratio

Gearing ratio is calculated by dividing our total interest-bearing loans by our total assets as at each balance sheet date. Our gearing ratio decreased from 24.4% as at 31 December 2006 to 22.4% as at 31 December 2007. Notwithstanding that our borrowings increased in 2007 comparing to 2006, our assets increased by a larger amount as we relied more substantially on internally generated resources. Our gearing ratio increased to 27.7% as at 31 December 2008 as our bank borrowings increased more significantly than our assets in the same year. Our gearing ratio was 29.2% for the three months ended 31 March 2009.

Return on equity analysis

Return on equity is calculated by dividing profit for the period by the average of total equity amounts at the beginning and the end of the period. Our return on equity increased from 13.3% in 2006 to 16.9% and further to 22.4% in 2007 and 2008, respectively, as our profit for the year increased in a larger degree than our equity over the periods. Our return on equity was 1.8% for the three months ended 31 March 2009. The decreases and increases in profit for the periods were detailed in "— *Results of Operations*". Our reserves decreased in 2007 but increased significantly in 2008 during the Track Record Period.

Return on assets analysis

Return on assets is calculated by dividing profit for the period by the average of total assets amounts at the beginning and the end of the period. Our return on assets increased from 3.1% in 2006 to 3.6% in 2007. Our total assets increased steadily as our business expanded throughout the Track Record Period, while our profit for the year increased by a slightly higher degree over the periods. Our return on assets increased to 5.9% in 2008 as our profit increased substantially during the period after we completed major investments in our assets. Our return on assets was 0.6% for the three months ended 31 March 2009.

INDEBTEDNESS

Borrowings

Our interest-bearing bank loans as at the dates indicated are set out in the table below.

	As at 31 December			As at 31 March	As at 31 May
	2006	2007	2008	2009	2009
					(unaudited)
	(RMB in thousands)				
Non-current					
Bank loans					
— secured	983,408	875,700	1,872,700	2,638,296	2,778,296
Total non-current bank borrowings	**983,408**	**875,700**	**1,872,700**	2,638,296	2,778,296
Current					
Bank loans					
— secured	2,113,531	2,481,030	1,958,200	1,670,700	1,470,300
— unsecured	549,257	244,000	2,000,000	2,000,000	845,000
Current portion of long-term bank loans					
— secured	544,656	1,236,000	1,194,000	1,244,000	1,209,000
Total current bank borrowings	**3,207,444**	**3,961,030**	**5,152,200**	4,914,700	3,524,300
Total bank borrowings	**4,190,852**	**4,836,730**	**7,024,900**	7,552,996	6,302,596

As at 31 March 2009, a majority of our long-term borrowings reflected funding for our property development projects and construction of new production facilities. In April 2009, we issued an aggregate of RMB1.9 billion in principal of Bonds to enhance our liquidity. For further details, see "— *Working Capital — Liquidity — Bonds*" above. The amount of bond payable as at 31 May 2009 was RMB1,874.7 million.

Substantially all of our borrowings during the Track Records Period were denominated in Renminbi and were made from domestic banks. Currently, our Company's strategy is to consolidate the borrowings of our subsidiaries at the group level. This consolidation of borrowings will enable us to bargain for better lending rates and terms, as well as to improve the allocation of our Group's resources among subsidiaries.

The following table sets out the maturity profile of our total borrowings as at the dates indicated.

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Bank loans repayable:				
Within one year or on demand	3,207,444	3,961,030	5,152,200	4,914,700
In the second year	948,408	781,700	1,322,000	1,282,000
In the third to fifth years, inclusive	35,000	94,000	550,700	1,356,296
Beyond five years	—	—	—	—
Total	4,190,852	4,836,730	7,024,900	7,552,996

For further details on the use of our borrowings, see "*— Working Capital — Net current liabilities — Interest-bearing borrowings*". Our secured borrowings are currently secured by our investment properties, properties under development and property, plant and equipment. All existing asset securities and guarantees provided by our Parent and other related companies have been released in full. Such releases has not had a material adverse effect on our cash flows or financial position.

All guarantees and loans provided by us to any connected persons and all lendings to and from any connected persons after the Listing will be subject to the relevant requirements under Chapters 13, 14 and 14A of the Listing Rules. We will further strengthen the measures to settle our current inter-enterprises borrowings.

Contingent liabilities and commitments

The table below sets out our contingent liabilities as at the dates indicated.

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Guarantees given to banks in respect of mortgage facilities for certain purchasers of our properties	555,441	682,989	748,037	798,239
Guarantees given to banks in connection with loans granted to our Parent and its subsidiaries	35,000	69,650	15,600	—
Guarantees given to banks in connection with loans granted to an associate	—	2,500	—	—
Guarantees given to banks in connection with loans granted to third parties	5,800	—	—	—
Total	**596,241**	**755,139**	**763,637**	**798,239**

During the Track Record Period, we provided guarantees to domestic banks in respect of the mortgage loans arranged by the banks to purchasers of our developed properties. Pursuant to terms of guarantees, upon default in mortgage payments by purchasers, we are responsible to repay the outstanding payments and penalties to the banks and we are entitled to take over the legal titles and possession of the relevant properties. Our guarantee period normally starts from the dates of grant of mortgage loans and expires within one year after issuance of property ownership certificates. We also provided guarantees to banks in connection with loans granted to our Parent, our associates and independent third parties. All the guarantees provided by us to our Parent and associates have been released in full.

As at each of 31 December 2006, 2007 and 2008 and 31 March 2009, we had contingent liabilities in an amount of approximately RMB176.3 million in relation to potential liabilities remaining after the transfer of certain of our payables to our Parent. No provision has been made with respect to these liabilities. Although we remain potentially liable for the claims raised by third party in relation to the payables transferred to our Parent, our Directors consider that the probability of being claimed is remote. In addition, we had and will continue to have contingent liabilities in relation to certain defects in our property titles and leases. We may be subject to penalties, lawsuits or other actions taken against us in relation to those defects. No provision has been made for the potential claims as the outcome of any such proceedings and claims cannot be reasonably estimated at this stage and our Directors consider that the probability of loss is remote. Pursuant to the Deed of Indemnity, our Parent has agreed to indemnify us in respect of any loss or damage in relation to the transferred liabilities or any defect in property titles and leases.

Our Directors confirmed that there has been no material change in our contingent liabilities as at 31 May 2009, being the latest practicable date for the purpose of this contingent liability statement prior the publication, except that our contingent liabilities comprising guarantees given to banks in respect of mortgage facilities for certain purchasers of our projects decreased to RMB768.5 million.

The table below sets out our commitments for capital and property development expenditures as at the dates indicated.

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Contracted, but not provided for:				
— Property, plant and equipment	106,283	714,535	306,396	241,797
— Properties being developed by the Group for sale	371,034	1,028,237	1,695,067	1,699,975
— Capital contributions to a jointly-controlled entity	—	—	50,801	50,801
Total	477,317	1,742,772	2,052,264	1,992,573

During the Track Record Period, we leased certain of our office premises, factories and machinery under operating lease arrangements. Leases for these properties are generally negotiated for terms ranging from one to 26 years. None of our Group companies has entered into any material arrangement for the hire or hire purchase of a plant for a period of over one year. The table below sets out our minimum lease payments under non-cancellable operating leases falling due as at the respective dates as indicated:

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	(RMB in thousands)			
Within one year	4,827	4,926	22,473	25,249
In the second to fifth years inclusive	19,027	27,334	55,952	84,282
After five years	33,378	39,635	71,635	81,430
Total	57,232	71,895	150,060	190,961

CAPITAL EXPENDITURES

Our capital expenditures principally comprise property, plant and equipment, land use rights, investment properties and intangible assets. The following table sets out our capital expenditures by segment for the periods indicated.

	Year ended 31 December			Three months ended 31 March	
	2006	2007	2008	2008	2009
				(unaudited)	
	(RMB in thousands)				
Cement	152,794	320,923	595,550	62,805	195,217
Modern building materials	174,282	194,959	618,717	8,962	91,093
Property investment and management	455,853	259,041	1,368,954	87,582	58,562
Property development	17,917	6,108	6,886	741	303
Total	800,846	781,031	2,590,107	160,090	345,175

The significant increase in the capital expenditure for our property investment and management segment in 2008 comparing to 2007 was mainly due to the construction and development of Global Trade Centre.

The table below sets out our current estimate of capital expenditures for the periods indicated.

	Year ending 31 December 2009
	(RMB in thousands)
Cement	972,000
Modern building materials	345,000
Property investment and management	586,400
Property development	1,400
Total	1,904,800

Our planned capital expenditures for 2009 are primarily for the construction of new residual heat power generators and cement production facilities, the construction at Dachang Industrial Park, the final instalment payment for the construction of Global Trade Centre and the investments in various modern building materials projects. In addition to the net proceeds we receive from this Global Offering, we may use cash generated from our operations, bank borrowings and proceeds of debt or equity financings by certain of our subsidiaries to fund our planned capital expenditures in the future.

The actual amounts of expenditures may vary from the estimated amounts of expenditures for a variety of reasons, including changes in market conditions and other factors. Any expansion of our capacity beyond the projects listed may require additional debt or equity funding. Our ability to obtain additional funding required for increased capital expenditure in the future is subject to a variety of uncertainties including our future results of operations, financial condition and cash flows, economic and political and other conditions in the PRC, Hong Kong and internationally.

MARKET RISKS

We are exposed to various types of market risks in the normal course of our business, including interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Interest rate risk

We are subject to interest rate risk, mainly arising from our interest-bearing bank loans, which we do not currently hedge. The fair value of our future cash flows fluctuates when the interest rates of our financial instruments change. Over the Track Record Period, all our bank borrowings are with fixed interest rates. Fixed interest rate loans expose us to the risk of changes in fair value interest rate.

In addition, prospective purchasers of our properties are adversely affected by increases in interest rates, which could impair their ability to obtain financing, and depress the overall demand for housing.

The following table demonstrates the sensitivity of our profit before tax and equity, respectively, to changes in interest rates of our borrowings:

	Increase/decrease in basis points	Increase/(decrease) in profit before tax
		(RMB in thousands)
Three months ended 31 March 2009	+100	(75,530)
Year ended 31 December 2008	+100	(70,249)
Year ended 31 December 2007	+100	(48,367)
Year ended 31 December 2006	+100	(41,909)
Three months ended 31 March 2009	-100	75,530
Year ended 31 December 2008	-100	70,249
Year ended 31 December 2007	-100	48,367
Year ended 31 December 2006	-100	41,909

Foreign exchange risk

We receive substantially all of our sales proceeds in Renminbi, which is not freely convertible into other currencies. Our assets and liabilities are all denominated in Renminbi except for our foreign currency deposits amounted to approximately RMB1.8 million, RMB4.5 million, RMB4.0 million and RMB2.3 million as at 31 December 2006, 2007 and 2008 and 31 March 2009, respectively, mainly comprising United States Dollar and Euro short-term bank deposits. We have only minimal exposure to foreign exchange fluctuation. In 2005, the PRC Government changed its Renminbi policy to permit fluctuations within a managed band against a basket of foreign currencies. This change in policy has resulted in the appreciation of the Renminbi against the U.S. dollar. We do not currently use any foreign currency forward contracts to hedge our exposure to foreign exchange risk. However, fluctuations in exchange rates generally may adversely affect the value, translated or converted into Hong Kong dollars, of our net assets, earnings and any dividends we declare. See "*Risk Factors — Risks Relating to Conducting Operations in the PRC — Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect the value in other currencies of our net assets, earnings and declared dividends or results of operations and financial results*".

An increase or decrease of 5% in the exchange rate between United States Dollar and Renminbi would have no material impact on our profit or loss during the Track Record Period and would have no impact on our equity.

Credit risk

Our Group's policy requires that all customers who wish to trade on credit terms should be subject to credit verification procedures. In addition, we monitor our receivable balances on an ongoing basis and the management believes that our Group's exposure to bad debts is not significant.

Liquidity risk

Our management team aims to maintain sufficient cash and cash equivalents and have available funding through an adequate amount of committed credit facilities to meet our commitments.

The maturity profile of our Group's financial liabilities based on the contracted undiscounted payments as at 31 March 2009 was as follows:

	As at 31 March 2009				
	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	(RMB in thousands)				
Interest-bearing bank loans	5,221,221	1,393,047	1,479,538	—	8,093,806
Trade and bills payables	2,179,564	—	—	—	2,179,564
Other payables	1,025,017	—	227,229	—	1,252,246
	8,425,802	1,393,047	1,706,767	—	11,525,616

Inflation

While inflation has not been a significant concern during the past three years, recently the PRC has experienced a higher inflation trend. Thus, inflation may have a significant effect on our business in the future. According to the National Bureau of Statistics of China, China's overall national inflation rate, as represented by the general consumer price index, was approximately 1.5%, 4.8% and 5.9% in 2006, 2007 and 2008, respectively. Deflation could negatively affect our business as it would affect market demand.

OFF-BALANCE SHEET ARRANGEMENTS

Except for the contingent liabilities and capital commitments disclosed above, we do not have in place any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholders' equity. We do not have any retained or contingent interests in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets. We do not have a variable interest in any unconsolidated entity providing financing, liquidity, market risk or credit support to us or engaging in leasing or hedging or research and development services with us. We have not entered into any derivative contracts or contracts in relation to structured products.

TAXATION

PRC corporate income tax

PRC corporate income tax is calculated based on taxable income determined under PRC GAAP. On 16 March 2007, the National People's Congress promulgated the New EIT Law, superseding the previous income tax law which applied different tax rates to domestic and foreign enterprises. The New EIT Law consolidates the previous two separate tax regimes for domestic enterprises and foreign-invested enterprises and imposes a unified corporate income tax rate of 25% for both types of enterprises. Under the New EIT Law, enterprises that previously enjoyed a preferential tax rate prior to 1 January 2008 will gradually transition to the new tax rate over five years from 1 January 2008. Enterprises that previously enjoyed a fixed period of tax exemption and reduction will continue to enjoy such preferential tax treatment until the expiry of such prescribed period, and for those enterprises whose preferential tax treatment has not commenced due to lack of profit, such preferential tax treatment commences from 1 January 2008.

Preferential tax treatments and Government grants

Some of our Group companies enjoy preferential income tax treatments, receive VAT refunds or being granted with benefits for various reasons such as being recognised as an enterprise engaged in the comprehensive utilisation of resources or a high-tech enterprise. Our VAT refunds for the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 were RMB99.2 million, RMB135.4 million, RMB191.8 million and RMB36.3 million, respectively. Other Government's grants recognised in our income statement as deferred income during the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009 were RMB13.6 million, RMB10.3 million, RMB18.5 million and RMB3.2 million, respectively. The following table sets out certain information relating to the preferential tax treatments enjoyed by our Group companies during the Track Record Period:

Company name	Applicable tax policy
Corporate income tax (CIT)	
BACP	15% CIT preferential rate for 2007.
BBMA	CIT-exempt from 2005 to 2006 and 15% CIT preferential rate from 2007 to 2009.
BBMG Concrete[1]	CIT-exempt enterprise from 2006 to 2010 for using certain material.
BBMG Mangrove Environmental	CIT-exempt from 2006 to 2007; 7.5% CIT preferential rate from 2008 to 2009.
Beijing Jinghua Glass Fiber Products Co., Ltd. (北京京華玻璃纖維製品有限公司)	15% CIT preferential rate from 2001 to 2007.
Beijing Tongda Refractory Engineering Technology Co., Ltd. (北京通達耐火工程技術有限公司)	CIT-exempt from 2004 to 2006; 7.5% CIT preferential rate for 2007.
Beijing Xinjianxinyuan Farmer's Market Co., Ltd. (北京市鑫建欣苑農貿市場有限責任公司)	CIT-exempt from 8 October 2005 to 31 December 2007.
BMBM	15% CIT preferential rate from 2007 to 2009.
BSBM	CIT-exempt (only for products manufactured through the comprehensive utilisation of resources) from June 2004 to May 2006 as an enterprise engaged in the comprehensive utilisation of resources and 15% CIT preferential rate for 2007.
Bulangni	15% CIT preferential rate from 2005 to 2007.
Jinhuyuan Property Management	18% CIT preferential rate before 2007; 20% CIT preferential rate since 2008.
Jinzhiding	15% CIT preferential rate for 2007.
Maydos-Sanqi Coating[1]	CIT-exempt from 2006 to 2010.
NanoMei	7.5% CIT preferential rate from 2004 to 2006; 15% CIT preferential rate from 2008 to 2009.
Tongda Refractory	CIT-exempt from 2007 to 2009; 7.5% CIT preferential rate from 2010 to 2012.
Xiang Brand Walling	CIT-exempt from 2005 to 2006 for using certain material.
Xiliu Building Materials	CIT-exempt from 2005 to 2006 as an enterprise engaged in the comprehensive utilisation of resources.
Value added tax (VAT)[2]	
BACP	VAT-exempt from 2005 to 2009 for approved products.
BBMA	VAT-exempt from 1 June 2007 to 31 December 2008 for approved products.
BBMG Concrete	VAT-exempt from 2006 to 2009 for approved products.
Beijing Architectural	VAT-exempt from January 2005 to August 2006 for approved products.
Beijing Jinfuyuankang Property Management Co., Ltd. (北京金福苑康物業管理有限責任公司)	VAT-exempt from 2003 to 2008 for approved items.

Company name	Applicable tax policy
Value added tax (VAT)[(2)]	
Beijing Light-weight Building Materials Co., Ltd. (北京市輕型建築材料有限責任公司)	VAT-exempt from 2004 to 2006.
BMBM	VAT-exempt from 2005 to 2008 for approved products.
BSBM	VAT-exempt from May 2004 to May 2008 for approved products.
Bulangni	VAT-exempt from May 2007 to May 2009 for approved products.
Dingxin Cement	VAT refund from 2007 to 2009 for approved products.
Liulihe Cement	VAT refund from 2005 to 2008 for approved products under the policy related to the comprehensive utilisation of resources.
Maydos-Sanqi Coating	VAT-exempt from 2006 to 2007 for approved products.
Tongda Refractory	VAT refund from 1 May 2007 to 30 April 2009 for approved products.
Xiang Brand Walling	VAT-exempt from 2005 to 2008 for approved products.
Xiliu Building Materials	VAT refund from 2001 to 2009 for approved products.
Xinbeishui	VAT refund for 2008 for approved products.

Notes:

(1) It remains unclear whether we can continue to enjoy the preferential tax treatment under the new tax regime.

(2) All value added tax benefits are related to PRC Government's environmental protection policies.

Land appreciation tax

Our Group companies are subject to LAT collected by local tax authorities. Under the PRC laws and regulations, all income arising from the sale or transfer of land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value. The appreciation in value representing the balance of the proceeds received on such sales, after deducting various prescribed items, including payments made for acquisition of land use rights, the direct costs and expenses of the development of the land and construction of the buildings and structures, finance costs up to a maximum of 5% of the total development costs, and taxes related to the assignment of the real property. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under the PRC law.

Our current provision of LAT is based on our management's estimates according to the understanding of the requirements as discussed above. However, the actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects, and the PRC tax authorities may not agree with the basis on which the Group calculates its LAT obligations. Currently, the local tax bureau requires pre-payment of LAT on the pre-sale and sale proceeds of property developments. According to the latest tax notices issued by local authorities, we are required to pre-pay LAT equivalent to 1% on sales and pre-sale proceeds of our commodity properties.

For the years ended 31 December 2006, 2007 and 2008 and the three months ended 31 March 2009, we made LAT payments in the amount of RMB4.9 million, RMB13.4 million, RMB14.5 million and RMB0.8 million, respectively. For the same periods, we made a provision for LAT in the amount of approximately RMB28.1 million, RMB21.7 million, RMB105.7 million and RMB10.7 million, respectively. Our Company and our subsidiaries have been paying tax according to the relevant tax rules and have not been subject to material penalties for violation of tax laws and regulations. Based on the tax confirmations issued by the relevant local and national tax authorities, our PRC legal advisers believe that we have paid LAT according to the relevant tax rules as at the Latest Practicable Date.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors have confirmed that there are no circumstances which, had we been required to comply with rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules.

DIVIDEND POLICY

The Board decides whether to pay any dividend, and in what amount, based on our results of operations, cash flows, financial condition, capital requirements, future prospects, statutory and regulatory restrictions on payment of dividends by our Company and other factors that the Board deems relevant. Any dividend for a financial year declared by the Board shall be subject to Shareholders' approval. During the Track Record Period, we declared RMB54.3 million in dividends during the year ended 31 December 2006, of which approximately RMB48.1 million was paid out to our Shareholders in 2008. We have declared dividends of RMB112.7 million and RMB112.0 million for the years ended 31 December 2007 and 2008, as approved by our shareholders in July 2008 and April 2009, respectively. All dividends payable will be fully settled prior to Listing. No assurance can be given that dividends of similar amounts or at similar rates to those paid during the Track Record Period can be paid after Listing. If the Board decides to pay dividends, holders of H Shares will be entitled to receive dividends in proportion to their shareholdings.

Under the PRC Company Law and our Articles of Association, all of the Shareholders have equal rights to dividends and distributions.

Our Company may only distribute dividends after we have made allowance for:

- recovery of accumulated losses, if any;
- appropriations to the statutory surplus reserve equivalent to 10% of our profit attributable to owners of the Company available for appropriation, as determined under PRC GAAP. No further appropriations to the statutory surplus reserve are required once this reserve reaches an amount equal to 50% of our registered capital; and
- appropriations to a discretionary surplus reserve fund, if any, that are approved by the Shareholders in a Shareholders' meeting.

Under PRC law, dividends may be paid only out of distributable profits, which are a company's retained earnings, as determined in accordance with PRC GAAP or HKFRS, whichever is lower, less any accumulated loss and appropriations to the statutory and discretionary reserve funds. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. However, our Company will not ordinarily pay any dividends in a year in which our Company does not have any distributable earnings in respect of that year. Under our Articles of Association, our Company may distribute dividends by way of cash or stock. For holders of H Shares, cash dividend payments will be declared by the Board in Renminbi and paid in Hong Kong dollars.

Under current PRC tax laws and regulations, dividends paid by our Company to a Non-PRC Resident Enterprise Shareholder are subject to a 10% withholding tax while the dividends paid to an individual holder of H Shares outside the PRC are currently exempted from PRC income tax.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on our net tangible assets as at 31 March 2009 as if they had taken place on that date. The unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared for illustrative purpose only and, because of their hypothetical nature, they may not give a true picture of our net tangible assets had the Global Offering been completed as at 31 March 2009 or at any future date.

The unaudited pro forma adjusted consolidated net tangible assets are calculated based on our audited consolidated net assets attributable to owners of our Company as at 31 March 2009, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and is adjusted as described below.

	Consolidated net tangible assets attributable to owners of the Company as at 31 March 2009(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per share(3)(4)(5)	
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer Price of HK$5.18 per H Share	7,354,621	3,960,203	11,314,824	3.03	3.44
Based on an Offer Price of HK$6.38 per H Share	7,354,621	4,914,965	12,269,586	3.29	3.73

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as at 31 March 2009 was determined as follows:

	RMB'000
Audited consolidated net assets as set out in Appendix I	8,323,487
Less: Minority interests	(847,486)
Consolidated net assets attributable to owners of the Company	7,476,001
Less: Goodwill	(99,171)
Other intangible assets	(22,209)
Consolidated net tangible assets attributable to owners of the Company	7,354,621

(2) The estimated net proceeds from the Global Offering are based on an Offer Price of HK$5.18 per H Share or HK$6.38 per H Share after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any H Share which may be issued upon exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted at the PBOC Rate from Hong Kong dollars into Renminbi at an exchange rate of RMB0.88164 to HK$1.00, the PBOC Rate prevailing on 6 July 2009.

(3) The unaudited pro forma adjusted consolidated net tangible assets per share is determined after the adjustments as described above and on the basis that 3,733,333,000 shares (being the number of shares expected to be in issue immediately after completion of the Global Offering, without taking into account of any shares which may be issued upon the exercise of the Over-allotment Option) are issued and outstanding.

(4) The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB0.88164 to HK$1.00, the PBOC Rate prevailing on 6 July 2009. No representation is made that the Hong Kong dollars amounts have been, could have been or could be converted to Renminbi, or *vice versa*, at that rate or at any other rates or at all.

(5) Details of the valuations of our Group's properties as at 31 May 2009 are set out in "*Appendix IV— Property Valuation*". The revaluation surplus or deficit of properties included in buildings held for own use, construction in progress, land use rights, properties under development and completed properties held for sale was not incorporated in the Group's financial statements for the three months ended 31 March 2009. If the revaluation surplus was recorded in the Group's financial statements, the annual depreciation expense would increase by approximately RMB53.7 million.

PROFIT ESTIMATE FOR THE SIX MONTHS ENDED 30 JUNE 2009

We estimate that, on the bases and assumptions set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, the profit attributable to owners of the Company for the six months ended 30 June 2009 was as follows:

Unaudited estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009[(1)(3)]	not less than RMB669.5 million (approximately HK$759.4 million)
Unaudited pro forma estimated earnings per share for the six months ended 30 June 2009 on a fully diluted basis, without taking into account the Over-allotment Option[(2)(3)]	not less than RMB0.18 (approximately HK$0.20)

Notes:

(1) The bases on which the above profit estimate for the six months ended 30 June 2009 has been prepared are summarised in Appendix III to this prospectus.

The unaudited estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 prepared by the Directors is based on the Group's audited consolidated results for the three months ended 31 March 2009 and an estimate of the Group's consolidated results for the remaining three months ended 30 June 2009. The estimate has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as summarised in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

The unaudited estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 includes the estimated fair value gains on investment properties. The projected market values of the investment properties of the Group as at 30 June 2009 are estimated by the Directors based on market research provided by Savills, an independent property valuer, by the investment approach and direct comparison approach, which is consistent with the basis of valuation which has been adopted by Savills in valuing the properties of the Group intended for lease purposes in "*Appendix IV — Property Valuation*". For further details, see "*Appendix III — Profit Estimate*".

(2) The unaudited pro forma estimated earnings per share on a fully diluted basis is calculated by dividing the estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 by 3,733,333,000 shares assumed to be issued and outstanding during the entire six-month period ended 30 June 2009, adjusted, as if the Global Offering had occurred on 1 January 2009 but without taking into account any shares which may be issued upon exercise of the Over-allotment Option.

(3) The unaudited estimated consolidated profit attributable to owners of the Company and the unaudited pro forma estimated earnings per share on a fully diluted basis are converted into Hong Kong dollars at an exchange rate of RMB0.88164 to HK$1.00, the PBOC Rate prevailing on 6 July 2009.

We have undertaken to the Stock Exchange that our interim report for the six months ended 30 June 2009 will be audited pursuant to Rule 11.18 of the Listing Rules.

PROPERTY INTERESTS

Particulars of our property interests are set out in Appendix IV to this prospectus. Savills Valuation and Professional Services Limited has valued our property interests as at 31 May 2009. A summary of values and valuation certificates issued by Savills Valuation and Professional Services Limited are included in "*Appendix IV — Property Valuation*".

The table below sets out (i) the reconciliation of properties interests of our Group from the audited consolidated financial statements as at 31 March 2009 to the unaudited net book value of our property interests as at 31 May 2009; and (ii) the reconciliation of the unaudited net book value of our property interests and the valuation of such property interests as at 31 May 2009:

		As at 31 May 2009
		(RMB in millions)
Market value of properties attributable to the Group as at 31 May 2009 as set out in Appendix IV		22,132
Add: Market value of properties attributable to minority interests as at 31 May 2009		255
		22,387
Less: Market value of properties held by a jointly-controlled entity		(664)
		21,723
Net book value of the Group's properties as at 31 March 2009:		
— Investment properties	7,438	
— Buildings	1,896	
— Buildings under construction included in construction in progress	191	
— Land use rights	1,346	
— Properties under development	4,322	
— Completed properties held for sale	1,260	
Total	16,453	
Net increase during the period from 1 April 2009 to 31 May 2009 (unaudited)	263	
Less: Amortisation of land use rights and depreciation of buildings held for own use during the period from 1 April 2009 to 31 May 2009 (unaudited)	(19)	
Add: Revaluation surplus of completed investment properties during the period from 1 April 2009 to 31 May 2009 (unaudited)	175	
Net book value of the Group's properties as at 31 May 2009 (unaudited)	16,872	
Less: Contracted disposals (unaudited)	(95)	
Net book value of the Group's properties as at 31 May 2009, subject to valuation as set out in Appendix IV (unaudited)		16,777
Revaluation surplus, before income tax, LAT and minority interests		4,946

DISTRIBUTABLE RESERVES

According to our Articles of Association, the amount of retained profits available for distribution to our Shareholders is the lower of the amount determined in accordance with the PRC accounting rules and regulations, and the amount determined in accordance with HKFRS.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position since 31 March 2009, being the date of our latest audited consolidated financial results.

FUTURE PLANS AND PROSPECTS

For detailed description of our future plans, see *"Business — Our Corporate Business Strategies," "Business — Cement Segment — Our cement segment's strategies", "Business — Modern Building Materials Segment — Our modern building materials segment's strategies", "Business — Property Investment and Management Segment — Our property investment and management segment's strategies"*, and *"Business — Property Development Segment — Our property development segment's strategies"*.

USE OF PROCEEDS

We estimate that the net proceeds to our Company from the Global Offering, after deducting the underwriting commissions and estimated expenses in relation to the Global Offering payable by us, will be approximately HK$5,033 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK$5.78 per Offer Share, being the mid-point of the Offer Price range of HK$5.18 to HK$6.38 per Offer Share. We intend to use the net proceeds for the following purposes:

- approximately 75%, or approximately HK$3,775 million, will be used to finance the expansion of our business lines, either through expansions of current facilities, construction of new facilities or acquisition, including, among other things:

  Cement segment

  — approximately 34%, or approximately HK$1,711 million, to acquire small-scale cement plants in Beijing;[(1)]

  — approximately 3%, or approximately HK$151 million, to construct residual heat power generators at Dingxin Cement and Liulihe Cement and to develop other similar projects, thereby lowering our production cost (construction of the generators at Dingxin Cement and Liulihe Cement started in early 2009, and we expect them to be completed by the end of 2009);

  Modern building materials segment

  — approximately 7%, or approximately HK$352 million, to build modern building materials production lines including the mineral wool acoustic board production line with an annual capacity of 25 million sq.m. in Dachang Industrial Park (construction of this line started in 2007, and we expect it to be completed in 2009); and

  Property development segment

  — approximately 31%, or approximately HK$1,560 million, to develop economically affordable housing projects such as Jinyu Lijingyuan located in Changying, Chaoyang

Note:

(1) The acquisition of small-scale cement plants in Beijing by us is to be carried out pursuant to the approval granted to us by the competent PRC authority in Beijing and such condition is part of the environmental improvement project in Beijing promoted by the Beijing municipal government. Notwithstanding the Parent Undertakings, we intend to use approximately 34% of the net proceeds to acquire cement plants in Beijing because: (i) Taihang Cement has specifically consented to our proposed acquisition of the cement plants in Beijing pursuant to the Taihang Cement Board Resolutions; and (ii) as advised by our PRC legal adviser, our Parent will not be deemed to have breached the Parent Undertakings by acquiring cement plants in Beijing given such consent from Taihang Cement. For further details about the Taihang Cement Board Resolutions and the Parent Undertakings, see "*Relationship with Controlling Shareholder — Undertakings Given by Our Parent to Taihang Cement and its Shareholders*".

District, Beijing (construction of this project began in 2008 and we expect it to be completed in 2010).

- up to 15%, or approximately HK$755 million, will be used to repay three loans with Bank of Communications totaling RMB500 million, which will all expire in August 2009, and one RMB100 million loan with Hua Xia Bank, which will expire in September 2009.

- up to 10%, or approximately HK$503 million, will be used as working capital and other general corporate purposes.

To the extent the net proceeds are less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis. To the extent the net proceeds are more than expected, we will apply such additional proceeds towards our cement business and property development business.

If the Over-allotment Option is exercised in full, we estimate we would receive additional net proceeds of approximately HK$782 million, assuming an Offer Price of HK$5.78 per H Share, being the mid-point of the Offer Price range stated in this prospectus. The additional net proceeds received from the exercise of the Over-allotment Option will be applied *pro rata* for the above mentioned purposes.

Although we identify certain potential strategic investments and acquisition targets for preliminary evaluation and assessment from time to time, as at the Latest Practicable Date, we had not identified any definitive investment or acquisition targets and we had not entered into any definitive agreements with respect to any acquisitions or strategic investments. We may or may not proceed with any or all of the investment and acquisition projects noted above.

To the extent that the net proceeds are not immediately applied for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term deposits with licensed banks or financial institutions in Hong Kong or the PRC. Our PRC legal adviser is of the opinion that there is no legal impediment for us to remit the funds into the PRC, provided that we complete foreign exchange registration for the Listing within 30 days after receiving an approval from the CSRC for Listing and transfer the proceeds into China within six months of the Listing. We will comply with the PRC law in relation to foreign exchange registration and remitting the proceeds.

HONG KONG UNDERWRITERS

Joint Lead Managers

UBS AG, Hong Kong Branch

Macquarie Capital Securities Limited

J.P. Morgan Securities (Asia Pacific) Limited

BOCOM International Securities Limited

Co-managers (in alphabetic order)

China Everbright Securities (HK) Limited

CIMB Securities (HK) Limited

Cinda International Capital Limited

First Shanghai Securities Limited

GuocoCapital Limited

VC Brokerage Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Under the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong under the Hong Kong Public Offer, on the terms and subject to the conditions set out in this prospectus and the Application Forms. Subject to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Bookrunners (on behalf of the Underwriters) and the Company agreeing on the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to procure subscribers for, or themselves to subscribe for, their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Placing Agreement having been signed, becoming unconditional and not having been terminated.

Grounds for termination

The Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) may in its absolute discretion terminate the Hong Kong Underwriting Agreement by notice in writing given to the Company if, at any time before 8:00 a.m. on the Listing Date:

(i) there shall develop, occur, exist or come into force:

(a) any event, or series of events, in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency or war, calamity, epidemics, pandemics, outbreaks or escalations of diseases, strikes, lock-outs, fire, explosion, flooding, civil commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or

(b) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, investment markets and credit markets) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (taken as a whole), Japan or any other jurisdiction relevant to any member of our Group, our jointly-controlled entities and our associated companies named as such in Appendix I to this prospectus (the "**Enlarged Group**"); or

(c) any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ National Market, the Shanghai Stock Exchange, or the Tokyo Stock Exchange; or

(d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, Germany, France, the PRC, Japan or any other jurisdiction relevant to any member of our Enlarged Group, or there is a disruption in commercial banking or foreign exchange trading or securities settlement or clearance services in any of those places; or

(e) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (taken as a whole), Japan or any other jurisdiction relevant to any member of our Enlarged Group; or

(f) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (taken as a whole) on the PRC or any other jurisdiction relevant to any member of our Enlarged Group; or

(g) a change or development involving a prospective change or amendment in Taxation (as defined under the Hong Kong Underwriting Agreement) or exchange control, currency exchange rates or foreign investment regulations (including without limitation a devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control in Hong Kong, the PRC, the United States, the United Kingdom, the European Union (taken as a whole), Japan or any other jurisdiction relevant to any member of our Enlarged Group; or

(h) any litigation or legal action or claim or legal proceeding of any third party being threatened or instigated against any member of our Enlarged Group; or

(i) a Director (other than a non-executive or an independent non-executive Director) being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(j) the chairman or chief executive officer of our Company vacating his or her office; or

(k) the commencement by any governmental, law enforcement agency, regulatory or political body or organisation of any action against a Director (other than a non-executive or an independent non-executive Director) or a formal announcement by any governmental, law enforcement agency, regulatory or political body or organisation that it intends to take any such action; or

(l) a contravention by any member of our Enlarged Group of the Listing Rules or applicable laws; or

(m) a prohibition on our Company for whatever reason from offering, allotting or selling the H Shares (including the additional H Shares that may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(n) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the H Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation by our Company; or

(o) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or any other documents used in connection with the contemplated subscription and sale of the H Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(p) an order or petition for the winding up of any member of our Enlarged Group or any composition or arrangement made by any member of our Enlarged Group with its creditors or a scheme of arrangement entered into by any member of our Enlarged Group or any resolution for the winding up of any member of our Enlarged Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Enlarged Group or anything analogous thereto occurring in respect of any member of our Enlarged Group, which, individually or in the aggregate, in the sole opinion of the Global Coordinator,

(1) is or will or may have a material adverse effect on the business or financial condition, results of operations or prospects of our Enlarged Group as a whole; or

(2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or

(3) makes it or will make it inadvisable or impracticable for the Global Offering to proceed or to market the Global Offering; or

(4) has or will have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms and which has or may or will have a material adverse effect on the success of the Global Offering or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(ii) there has come to the notice of the Global Coordinator:

(a) that any statement contained in any of this prospectus and the Application Forms (collectively the "**Hong Kong Public Offering Documents**") and/or in the Formal Notice in relation to the Hong Kong Public Offer, any announcements or advertisements issued by or on behalf of our Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or the Formal Notice in relation to the Hong Kong Public Offer, any announcements or advertisements issued by or on behalf of our Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) is not fair and honest in any material respect and based on reasonable assumptions, when taken as a whole; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents and/or in the Formal Notice in relation to the Hong Kong Public Offer, any announcements or advertisements issued by or on behalf of our Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto); or

(c) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Placing Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(d) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business operations, prospects, profits, losses or financial or trading position, or performance of any member of our Enlarged Group; or

(e) any breach of, or any event rendering untrue or incorrect or misleading in any respect, any of the Warranties (as defined under the Hong Kong Underwriting Agreement); or

(f) approval by the CSRC for the issue and listing of the H Shares of our Company on the Stock Exchange is withdrawn, qualified or withheld; or

(g) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings

Undertakings to the Stock Exchange under the Listing Rules

(A) Undertaking by us

Under Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except under the Global Offering (including the exercise of the Over-allotment Option) or for the circumstances provided under Rule 10.08(1) to 10.08(4) of the Listing Rules.

(B) Undertaking by the Controlling Shareholder

In accordance with Rule 10.07(1)(a) of the Listing Rules, the Controlling Shareholder has undertaken to our Company and the Stock Exchange irrevocably and unconditionally that:

(a) it will not, at any time in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner;

(b) it will not, at any time during the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of our Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will then cease to be our controlling shareholder (as defined in the Listing Rules).

Note (2) of Rule 10.07 of the Listing Rules provides that the rule does not prevent a controlling shareholder from using the shares owned by it as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a *bona fide* commercial loan.

The Controlling Shareholder has further undertaken to the Stock Exchange that it will, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date:

(i) when it pledges or charges any Shares or other securities or interests in any securities of our Company beneficially owned by it in favour of any authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a *bona fide* commercial loan, immediately inform us of such pledge or charge together with the number of such Shares or securities of our Company so pledged or charged; and

(ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in any securities of our Company will be disposed of, immediately inform us of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in (i) and (ii) above by our Controlling Shareholder and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings under the Hong Kong Underwriting Agreement

(A) Undertaking by us

We have undertaken to each of the Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Sponsor that, and the Controlling Shareholder has undertaken to procure that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months after the Listing Date (the "**First Six-month Period**"), our Company will not, and will procure the subsidiaries of our Company not to, without the prior written consent of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules (and only after the consent of the relevant PRC authorities (if so required) has been obtained):

(a) offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of its or their share capital or other securities thereof or any other interests therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital); or

(b) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any of its or their share capital or other securities thereof or any interests therein; or

(c) offer to or agree to do any of the foregoing or announce any intention to do so,

whether any of the foregoing transactions is to be settled by delivery of such share capital or other securities, in cash or otherwise (whether or not any issue of such share capital or other securities will be completed within the such period), and in the event of our Company doing any of the foregoing during the period of six months immediately following the expiry of the First Six-month Period, we will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any H Shares or other securities of our Company.

Nothing in the above undertakings shall (a) restrict our Company's ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of our subsidiaries provided that any such sale, or any enforcement of such pledge, mortgage or charge will not result in such subsidiary ceasing to be a subsidiary (as defined in the Companies Ordinance) of our Company; or (b) restrict any of our subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that subsidiary ceasing to be a subsidiary (as defined in the Companies Ordinance) of our Company; or (c) restrict our Company from possible divestment of its interest in Taihang Cement as contemplated in this prospectus.

(B) Undertaking by the Controlling Shareholder

The Controlling Shareholder has undertaken to each of our Company, the Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Sponsor that except pursuant to a pledge or charge of any of the share capital or other securities of our Company or any interests therein beneficially owned by it as security in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a *bona fide* commercial loan, it will not, without the prior written consent of the Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules and only after the consent of the relevant PRC authorities (if so required) has been obtained:

(i) at any time during the First Six-month Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of our share capital or our other securities or any interests therein held by the Controlling Shareholder (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any of our share capital) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital, whether any of the foregoing transactions is to be settled by delivery of such share capital or other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so;

(ii) at any time during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of our Company or any interests therein held by it (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital, whether any of the foregoing transactions is to be settled by delivery of such share capital or other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so if, immediately following such transaction, it would cease to be our controlling shareholder;

(iii) in the event of a disposal by the Controlling Shareholder of any of our share capital or other securities of our Company or any interest therein held by it following the expiry of the First Six-month Period, the Controlling Shareholder will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the H Shares or other securities of our Company.

Our Controlling Shareholder has further undertaken to our Company, the Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters and the Sponsor that it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

(i) upon any pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any share capital or other securities of our Company or any interests therein beneficially owned by it for a bona fide commercial loan, immediately inform our Company and the Joint Bookrunners in writing of such pledge or charge together with the number of shares or other securities so pledged or charged; and

(ii) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged shares or securities or interests in the shares or other securities of our Company will be disposed of, immediately inform our Company and the Joint Bookrunners in writing of such indications.

Our Company has further agreed and undertaken to the Global Coordinator, the Joint Bookrunners and the Sponsor and each of the Hong Kong Underwriters, that, upon receiving such information in writing from our Controlling Shareholder, it shall, for so long as required by law and the Listing Rules, as soon as practicable, notify the Stock Exchange and make a public disclosure of such information by way of an announcement in accordance with the Listing Rules.

Indemnity

We and our Controlling Shareholder have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

International Placing

International Placing Agreement

In connection with the International Placing, it is expected that we will enter into the International Placing Agreement with, among other parties, the International Underwriters. Under the International Placing Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Placing Shares being offered under the International Placing and which are not taken up under the International Placing.

Under the International Placing Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Bookrunners (on behalf of the International Underwriters) at any time, and from time to time, on or before the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer, to require us to allot and issue up to an aggregate of 139,999,500 additional H Shares, representing approximately 15% of the aggregate number of Offer Shares initially available under the Global Offering. These additional H Shares will be issued and sold at the Offer Price and will be for the purpose of, among other things, covering over-allocations in the International Placing, if any.

It is expected that the International Placing Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Placing Agreement is not entered into, the Global Offering will not proceed.

We will agree to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

Commissions and expenses

The Hong Kong Underwriters will receive a gross commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. We will also pay the Joint Bookrunners (for their respective accounts only) an additional fee of 0.8% of the aggregate Offer Price in respect of all the Offer Shares offered under the Global Offering including any Offer Shares issued pursuant to the exercise of the Over-allotment Option, in such proportion between the Joint Bookrunners as decided by the Company at our discretion.

The aggregate commissions payable by us in relation to the Global Offering (inclusive of the additional fee), together with listing fees, SFC transaction levy and Stock Exchange trading fee in respect of the Offer Shares offered by us, legal and other professional fees and printing and other expenses relating to the Global Offering are estimated amount to approximately HK$361 million (assuming an Offer Price of HK$5.78, which is the midpoint of the indicative Offer Price range and that the Over-allotment Option is not exercised) in total and are payable by us.

Underwriters' interest in our Group

Save for their obligations under the Hong Kong Underwriting Agreement and the International Placing Agreement, none of the Underwriters, except for Cinda International Capital Limited, has any shareholding interests in any member of our Group or any right or options (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group. China Cinda is one of our Shareholders. To the best knowledge of our Directors, Cinda International Capital Limited is a wholly owned subsidiary of Cinda International Holdings Limited. For the relationship between China Cinda and Cinda International Holdings Limited, see "*Directors, Supervisors, Senior Management and Employees*".

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. UBS is the sole Global Coordinator of the Global Offering and the sole Sponsor to the Listing. UBS, Macquarie and J.P. Morgan are the Joint Bookrunners of the Global Offering and UBS, Macquarie, J.P. Morgan and BOCOM International Securities Limited are the Joint Lead Managers of the Global Offering.

The Global Offering comprises:

- the Hong Kong Public Offer of an initial 93,334,000 H Shares to be offered by our Company (subject to adjustment as mentioned below) to the public in Hong Kong as described below under "*Hong Kong Public Offer*" below; and

- the International Placing of an initial 839,999,000 H Shares to be offered by our Company (subject to adjustment and the Over-allotment Option as mentioned below) in the United States with QIBs in reliance on Rule 144A or another available exemption from registration requirements under the U.S. Securities Act, and in Hong Kong and other jurisdictions outside the United States with professional, institutional, corporate and other investors whom we anticipate to have a sizeable demand for the H Shares in offshore transactions in reliance on Regulation S.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest, if qualified to do so, for the International Placing Shares under the International Placing, but may not do both. The Hong Kong Public Offer is open to members of the public in Hong Kong including institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the International Placing Shares to QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements under the U.S. Securities Act, as well as to institutional and professional investors and other investors expected to have a sizeable demand for the H Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Placing Shares in the International Placing. Prospective investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Hong Kong Public Offer and the International Placing respectively may be subject to reallocation as described in "— *Hong Kong Public Offer*" below.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate only to the Hong Kong Public Offer.

The requisite PRC Government approvals, including the approval of the CSRC, in respect of the Global Offering have been obtained.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Thursday, 23 July 2009 and in any event, no later than 5:00 p.m. on Monday, 27 July 2009.

The Offer Price will be not more than HK$6.38 per Offer Share and is expected to be not less than HK$5.18 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus. If the Offer Price, as finally determined in the manner described below, is lower than HK$6.38, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus monies) to successful applicants, without interest. For further details, see "*How to Apply for Hong Kong Offer Shares*".

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

If, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, the Joint Bookrunners (on behalf of the Underwriters) consider the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range to be inappropriate, the Joint Bookrunners (on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction(s), and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer on Wednesday, 22 July 2009, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notice(s) of the reduction(s) in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Such notice(s) will also be available at the websites of the Stock Exchange at **www.hkex.com.hk** and our Company at **www.bbmg.com.cn**. Such notice(s) will also include confirmation or revision, as appropriate, of the working capital statement and the profit estimate for the six months ended 30 June 2009 and the Global Offering statistics as currently set out in "*Summary*" and any other financial information which may change as a result of such reduction(s). Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of any such reduction(s) in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. **Applicants for the Hong Kong Offer Shares, should note that if applications have been submitted before the last day for lodging applications under the Hong Kong Public Offer, then even if the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range is so reduced, such applications cannot be subsequently withdrawn.** The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus on or before the last day for lodging applications under the Hong Kong Public Offer, the number of Offer Shares and the Offer Price (if agreed upon) will under no circumstances be fewer than the number of Offer Shares or be set outside the Offer Price range as stated in this prospectus.

Allocation of the International Placing Shares under the International Placing will be determined by the Joint Bookrunners and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell H Shares after the Listing. Such allocation may be made to professional, institutional or corporate investors and is intended to result in a distribution of our H Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offer will be based on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The final Offer Price, the level of applications in the Hong Kong Public Offer, the level of indications of interest in the International Placing, and the basis of allocations of the Hong Kong Offer Shares and the Hong Kong identity card/passport/Hong Kong business registration certificate numbers of successful applicants under the Hong Kong Public Offer are expected to be made available in a variety of channels in the manner described in "*How to Apply for Hong Kong Offer Shares — Publication of Results*".

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of all applications for the Hong Kong Offer Shares under the Hong Kong Public Offer will be conditional on, among other things:

(a) the granting by the Listing Committee for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued under the exercise of the Over-allotment Option), and such listing and permission not having been revoked prior to the commencement of dealings in the Offer Shares on the Stock Exchange;

(b) the Offer Price having been determined on or around the Price Determination Date;

(c) the execution and delivery of the International Placing Agreement on or around the Price Determination Date; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreement having become and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Sunday, 16 August 2009, being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed by 5:00 pm on Monday, 27 July 2009 between the Joint Bookrunners (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in *"How to Apply for Hong Kong Offer Shares"*. In the meantime, the application monies will be held in (a) separate bank account(s) with the receiving bank(s) or (b) other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Tuesday, 28 July 2009 but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (a) the Global Offering has become unconditional in all respects and (b) neither of the Underwriting Agreements has been terminated in accordance with its terms.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

HONG KONG PUBLIC OFFER

Number of Offer Shares initially offered

We are initially offering 93,334,000 H Shares at the Offer Price, representing approximately 10% of the 933,333,000 H Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of Hong Kong Offer Shares will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

For allocation purposes only, the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offer and the International Placing) will be divided equally into two pools (subject to adjustment of odd lot size): Pool A comprises 46,667,000 Hong Kong Offer Shares and Pool B comprises 46,667,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total subscription price (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) of HK$5 million or less will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with a total subscription price (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) of more than

HK$5 million and up to the total value of Pool B will fall into Pool B. For the purpose of this paragraph only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applications should be aware that applications in Pool A and Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or in both pools will be rejected. No application will be accepted from applicants for more than 46,667,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares).

Reallocation and clawback

The allocation of H Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment. If the number of H Shares validly applied for in the Hong Kong Public Offer represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times, and (c) 100 times or more, of the number of H Shares initially available under the Hong Kong Public Offer, the total number of H Shares available under the Hong Kong Public Offer will be increased to 280,000,000, 373,334,000 and 466,667,000 H Shares, respectively, representing approximately 30% (in the case of (a)), 40% (in the case of (b)) and 50% (in the case of (c)), respectively, of the total number of H Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In each such case, the additional H Shares reallocated to the Hong Kong Public Offer will be allocated to Pool A and Pool B equally (subject to adjustment of odd lot size) and the number of H Shares allocated in the International Placing will be correspondingly reduced, in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may at their discretion allocate Offer Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer.

If the Hong Kong Offer Shares are not fully subscribed, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Bookrunners deem appropriate.

Applications

The Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered H Shares under the International Placing, and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offer and to ensure that it is excluded from any application for Hong Kong Offer Shares under the Hong Kong Public Offer.

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached or untrue (as the case may be) or he has been or will be placed or allocated International Placing Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum Offer Price of HK$6.38 per H Share plus brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005% payable on each H Share. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK$6.38, being the maximum Offer Price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. For further details, see "*How to Apply for Hong Kong Offer Shares*".

INTERNATIONAL PLACING

Number of Offer Shares offered

The number of H Shares to be initially offered for subscription under the International Placing will be 839,999,000 H Shares (subject to adjustment and the Over-allotment Option), representing approximately 90% of the Offer Shares under the Global Offering and approximately 22.5% of our enlarged issued share capital immediately after the Global Offering assuming that the Over-allotment Option is not exercised. The International Placing is subject to the Hong Kong Public Offer being unconditional.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Under the International Placing, the International Underwriters will conditionally place our H Shares with QIBs in the United States in reliance on Rule 144A or another available exemption registration under the U.S. Securities Act, as well as with institutional and professional investors and other investors expected to have a sizeable demand for our H Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Allocation of International Placing Shares under the International Placing will be effected in accordance with the "book-building" process described in "*— Pricing and Allocation*" above and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further H Shares, and/or hold or sell its H Shares, after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the additional Offer Shares which may be made available under the exercise of the Over-allotment Option).

Save as disclosed in this prospectus, no part of our H Share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

OVER-ALLOTMENT OPTION

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Bookrunners on behalf of the International Underwriters at any time on or prior to the date which is the 30th day after the last date for lodging of Application Forms under the Hong Kong Public Offer. Under the Over-allotment Option, the Joint Bookrunners will have the right to require us to allot and issue up to an aggregate of 139,999,500 additional new H Shares representing in aggregate approximately 15% of the Offer Shares initially available under the Global Offering to, among other things, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional H Shares will represent approximately 3.6% of our enlarged issued share capital following the completion of the Global Offering and the exercise of the Over-allotment Option. These H Shares will be issued at the Offer Price. An announcement will be made if the Over-allotment Option is exercised.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the International Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate and/or effect any other transactions with a view to stabilising or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail in the open market for a limited period from the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer. Such over-allocations and/or transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offer. The number of H Shares that may be over-allocated will not exceed the number of H Shares that may be sold under the Over-allotment Option, namely 139,999,500 H Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

The Stabilising Manager or any person acting for it may take all or any of the following stabilising actions in Hong Kong during the stabilisation period:

(i) purchase, or agree to purchase, any of the H Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of the H Shares; and

(ii) in connection with any action described in paragraph (i) above:

(A) (1) over-allocate the H Shares, or

(2) sell or agree to sell the H Shares so as to establish a short position in them;

(B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for the H Shares in order to close out any position established under paragraph (A) above;

(C) sell or agree to sell any of the H Shares acquired by it in the course of the stabilising action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; or

(D) offer or attempt to do anything as described in paragraphs (ii)(A)(2), (ii)(B) or (ii)(C) above.

Specifically, prospective applications for and investors in the H Shares should note that:

- the Stabilising Manager or any person acting for it, may, in connection with the stabilising action, maintain a long position in the H Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager or any person acting for it may have an adverse impact on the market price of the H Shares;
- no stabilising action can be taken to support the price of the H Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on Friday, 21 August 2009, being the 30th day after the last date for lodging applications under the Hong Kong Public Offer, after which an announcement will be made pursuant to section 9 of, and schedule 3 to, the Securities and Futures (Price Stabilisation) Rules. After this date, when no further stabilising action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- the price of the H Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and
- stabilising bids must be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Joint Bookrunners may over-allocate up to and not more than an aggregate of 139,999,500 additional H Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Joint Bookrunners on behalf of the International Underwriters, or by making purchases in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 29 July 2009, it is expected that dealings in H Shares on the Stock Exchange will commence at 9:30 a.m. on Wednesday, 29 July 2009.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date.

We expect that we will, on or about Thursday, 23 July 2009, shortly after determination of the Offer Price, enter into the International Placing Agreement relating to the International Placing.

The terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Placing Agreement are summarised in "*Underwriting*".

I. METHODS OF APPLYING FOR HONG KONG OFFER SHARES

There are three ways to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares (a) by using either a **white** or **yellow** Application Form; (b) by applying online through the designated website of the White Form eIPO Service Provider (**www.eipo.com.hk**), referred to in this prospectus as the "**White Form eIPO** service"; or (c) by giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **white** or **yellow** Application Form, by applying online through the **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

2. WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **white** or **yellow** Application Form if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States when completing and submitting the application or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (other than Hong Kong, Macau and Taiwan).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO** service.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application must be signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made by a person duly authorised under a valid power of attorney, the Global Coordinator (or its agents or nominees) may accept it at its discretion and subject to any conditions it thinks fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We and the Global Coordinator (or our or its agents) or the designated White Form eIPO Service Provider (where applicable) have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing legal or beneficial owners of Shares, directors, supervisors or chief executives of our Company or any of our subsidiaries, or their respective associates (as defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of our Company or persons who will become our connected persons immediately upon completion of the Global Offering.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Placing Shares under the International Placing, but may not do both.

3. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

Which Application Form to use

Use a **white** Application Form if you want the Hong Kong Offer Shares to be issued in your own name.

Use a **yellow** Application Form if you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Where to collect the Application Forms

You can collect a **white** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 17 July 2009 until 12:00 noon on Wednesday, 22 July 2009 from any of the following addresses of the Hong Kong Underwriters:

UBS AG, Hong Kong Branch	52/F Two International Finance Centre 8 Finance Street Hong Kong; or
Macquarie Capital Securities Limited	18/F One International Finance Centre 1 Harbour View Street Central, Hong Kong; or
J.P. Morgan Securities (Asia Pacific) Limited	28/F Chater House 8 Connaught Road Central, Hong Kong; or
BOCOM International Securities Limited	9/F Man Yee Building 68 Des Voeux Road Central, Hong Kong; or
China Everbright Securities (HK) Limited	36/F Far East Finance Centre 16 Harcourt Road Hong Kong; or
CIMB Securities (HK) Limited	25/F Central Tower 28 Queen's Road Central, Hong Kong; or

Cinda International Capital Limited	45/F COSCO Tower, 183 Queen's Road Central, Hong Kong; or
First Shanghai Securities Limited	19/F Wing On House, 71 Des Voeux Road Central, Hong Kong; or
GuocoCapital Limited	12/F The Center 99 Queen's Road Central, Hong Kong; or
VC Brokerage Limited	28/F The Centrium 60 Wyndham Street Central, Hong Kong; or

any one of the following branches of Bank of China (Hong Kong) Limited and Bank of Communications Co., Ltd. Hong Kong Branch:

(a) Bank of China (Hong Kong) Limited

	Branch name	Address
Hong Kong Island	Central District (Wing On House) Branch	71 Des Voeux Road Central
	Bank of China Tower Branch	3/F, 1 Garden Road
	409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai
	North Point (Kiu Fai Mansion) Branch	413-415 King's Road, North Point
	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan
Kowloon	Humphrey's Avenue Branch	4-4A Humphrey's Avenue, Tsim Sha Tsui
	Mong Kok Branch	589 Nathan Road, Mong Kok
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
	Kwun Tong Branch	20-24 Yue Man Square, Kwun Tong
New Territories	Castle Peak Road (Tsuen Wan) Branch	201-207 Castle Peak Road, Tsuen Wan
	Lucky Plaza Branch	Lucky Plaza, Wang Pok Street, Shatin
	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long
	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II

(b) Bank of Communications Co., Ltd. Hong Kong Branch

	Branch name	Address
Hong Kong Island	Aberdeen Sub-Branch	Shop 1B, G/F., Site 5, Aberdeen Centre, 6-12 Nam Ning Street, Aberdeen
	Central District Sub-Branch	G/F., Far East Consortium Building, 125A Des Voeux Road C., Central
	Hong Kong Branch	20 Pedder Street, Central
	North Point Sub-Branch	442-444 King's Road, North Point
	Quarry Bay Sub-Branch	G/F., 981 C, King's Road, Quarry Bay
Kowloon	Kowloon Sub-Branch	G/F., 563 Nathan Road
	Mongkok Sub-Branch	Shops A & B, G/F., Hua Chiao Commercial Centre, 678 Nathan Road
	Cheung Sha Wan Plaza Sub-Branch	Unit G04, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road
	Ngau Tau Kok Sub-Branch	Shop G1, G/F., Phase I, Amoy Plaza, 77 Ngau Tau Kok Road
	Kwun Tong Sub-Branch	Shop A, G/F., Hong Ning Court, 55 Hong Ning Road, Kwun Tong
	Tseung Kwan O Sub-Branch	Shop 253-255, Metro City Shopping Arcade, Phase I, Tseung Kwan O
New Territories	Tsuen Wan Sub-Branch	G/F., Shop G10-11, Pacific Commercial Plaza, Bo Shek Mansion, 328 Sha Tsui Road, Tsuen Wan
	Tai Po Sub-Branch	Shop No.1, G/F., Wing Fai Plaza, 29-35 Ting Kok Road, Tai Po

You can collect a **yellow** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 17 July 2009 until 12:00 noon on Wednesday, 22 July 2009 from:

(1) the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

(2) your stockbroker, who may have such Application Forms and this prospectus available.

How to complete the Application Forms

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the Application Form, you, among other things:

(a) **instruct** and **authorise** our Company and/or the Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents on your behalf and to do on your behalf all things necessary to effect the registration of any Hong Kong Offer Shares allocated to you in your name(s) or in the name of HKSCC Nominees, as the case may be, as required by the Articles of Association, and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;

(b) **undertake** to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Offer Shares to be allocated to you, and as required by the Articles of Association;

(c) if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Global Coordinator, the Sponsor and the Underwriters nor any of their respective officers or advisers will infringe any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(d) **confirm** that you have received and/or read a copy of this prospectus and have only relied on the information and representations in this prospectus and the Application Form in making your application and not on any other information or representations save as set out in any supplement to this prospectus;

(e) **agree** that our Company, the Sponsor, the Global Coordinator, the Joint Bookrunners or the Hong Kong Underwriters and any of their respective directors, officers, employees, partners, agents or advisers, or any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;

(f) **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(g) (if the application is made for your own benefit) **warrant** that such application is the only application which will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the **White Form eIPO** Service Provider via the **White Form eIPO** service (**www.eipo.com.hk**);

(h) (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that that is the only application which will be made for the benefit of that other person on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the **White Form eIPO** Service Provider via the **White Form eIPO** service (**www.eipo.com.hk**), and that you are duly authorised to sign the Application Form or to give **electronic application instructions** to HKSCC via CCASS or to the **White Form eIPO** Service Provider via the **White Form eIPO** service (**www.eipo.com.hk**) as that other person's agent;

(i) (if the application is made by an agent on your behalf) **warrant** that you have validly and irrevocably conferred on the agent all necessary power and authority to make the application;

(j) **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, and have not received or been placed or allotted (including conditionally and/or provisionally) any Offer Shares under the International Placing nor otherwise participated in the International Placing;

(k) **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(l) **represent, warrant** and **undertake** that you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and you and any person for whose account or benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) when completing and submitting the Application Form or are/is a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) **agree** to disclose to our Company, the Global Coordinator and Sponsor, the Joint Bookrunners, the Underwriters, our H Share Registrar, receiving banks and/or their respective advisers and agents any personal data and information which they require about you or the person(s) for whose benefit you have made the application;

(n) **agree** with our Company and each shareholder of our Company, and our Company agrees with each of our Shareholders, to observe and comply with the PRC Company Law, the Companies Ordinance, the Special Regulations and the Articles of Association;

(o) **agree** with our Company, each Shareholder, Director, Supervisor, manager and officer of our Company, and our Company acting for ourselves and for each Director, Supervisor, manager and officer of our Company agrees with each Shareholder:

   (i) to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with the Articles of Association, and

   (ii) any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive;

(p) **agree** with our Company and each Shareholder that H Shares in our Company are freely transferable by the holders thereof;

(q) **warrant** the truth and accuracy of the information contained in the application;

(r) **undertake** and **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(s) **authorise** our Company to place your name(s) or the name of the HKSCC Nominees, as the case may be, on the H Share register of members of our Company as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any H Share certificate and/or any refund cheque to you or (in case of joint applicants) the first-named applicant in the Application Form by ordinary post at your own risk to the address stated on the Application Form, except that if you have applied for 1,000,000 or more Hong Kong Offer

Shares and have indicated in the Application Form that you will collect the H Share certificate(s) and/or refund cheque(s) in person, you may do so in the manner as described in *"— Despatch/Collection of H Share Certificates and Refund Cheques"* or such other date as notified by our Company in the newspapers as the date of despatch/collection of H Share certificates/refund cheques;

(t) **authorise** our Company to enter into a contract on your behalf with each of our Directors, Supervisors and officers whereby each such Director, Supervisor and officer undertakes to observe and comply with their obligations to Shareholders as stipulated in the Articles of Association; and

(u) **understand** that these declarations and representations will be relied upon by our Company and the Global Coordinator in deciding whether or not to allocate any Hong Kong Offer Shares in response to this application and you may be prosecuted for making a false declaration.

In order for the **yellow** Application Forms to be valid:

(a) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**

(i) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(b) **If the application is made by an individual CCASS Investor Participant:**

(i) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and

(ii) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) **If the application is made by a joint individual CCASS Investor Participant:**

(i) the Application Form must contain the names and Hong Kong identity card numbers of all joint CCASS Investor Participants; and

(ii) the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) **If the application is made by a corporate CCASS Investor Participant:**

(i) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration certificate number; and

(ii) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" the account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If your application is made through a duly authorised attorney, our Company and the Global Coordinator, or our and its agents and nominees, may accept it at our and its discretion, and subject to any conditions we or it may think fit, including production of evidence of the authority of your attorney. We and the Global Coordinator (or our or its agents or nominees) will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

How to make payment for the application

Each completed **white** or **yellow** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- be drawn on your Hong Kong dollar bank account with a licensed bank in Hong Kong;
- show your account name. This name must either be pre-printed on the cheque or endorsed on the back by a person authorised by the bank. This account name must be the same as the name on your Application Form. If the application is a joint application, the account name must be the same as that of the first-named applicant). If the cheque is drawn on a joint account, one of the joint account names must be the same as the name of the first-named applicant;
- be made payable to "Bank of China (Hong Kong) Nominees Limited — BBMG Public Offer";
- be crossed "**Account Payee Only**"; and
- not be post dated.

Your application may be rejected if your cheque does not meet all of these requirements or is dishonored on first presentation.

If you pay by banker's cashier order, the banker's cashier order must:

- be in Hong Kong dollars;
- be issued by a licensed bank in Hong Kong and have your name certified on the back of the banker's cashier order by a person authorised by the bank on which it is drawn. The name on the back of the banker's cashier order and the name on the Application Form must be the same. If the application is a joint application, the name on the back of the banker's cashier order must be the same as the name of the first-named applicant;
- be made payable to "Bank of China (Hong Kong) Nominees Limited — BBMG Public Offer";

- be crossed "**Account Payee Only**"; and
- not be post dated.

Your application may be rejected if your banker's cashier order does not meet all of these requirements.

The right is reserved to present all or any remittance for payment. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Wednesday, 22 July 2009. The Company will not give you a receipt for your payment. The Company will keep any interest accrued on your application monies (up until, in the case of monies to be refunded, the date of despatch of refund cheques). The right is also reserved to retain any H Share certificates and/or any surplus application monies or refunds pending clearance of your cheque or banker's cashier order.

4. APPLYING THROUGH WHITE FORM eIPO

General

(a) You may apply through **White Form eIPO** service by submitting an application through the designated website at www.eipo.com.hk if you are an individual and you satisfy the relevant eligibility criteria for this as set out in "Who can apply for Hong Kong Offer Shares" and on the same website. If you apply through **White Form eIPO** service, the H Shares will be issued in your own name.

(b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at www.eipo.com.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated White Form eIPO Service Provider and may not be submitted to our Company.

(c) If you give electronic application instructions through the designated website at www.eipo.com.hk, you will have authorised the designated White Form eIPO Service Provider to apply on the terms and subject to the conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

(d) In addition to the terms and conditions set out in this prospectus, the designated White Form eIPO Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at www.eipo.com.hk. You will be required to read, understand and agree to such terms and conditions in full before making any application.

(e) By submitting an application to the designated White Form eIPO Service Provider through the **White Form eIPO** service, you are deemed to have authorised the designated White Form eIPO Service Provider to transfer the details of your application to our Company and our H Share Registrar.

(f) You may submit an application through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.eipo.com.hk.

(g) You may submit your application to the designated White Form eIPO Service Provider through the designated website www.eipo.com.hk from 9:00 a.m. on Friday, 17 July 2009 until 11:30 a.m. on Wednesday, 22 July 2009 or such later time as described under "9. *Effect of Bad Weather on the Opening of the Application Lists*" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 22 July 2009, the last application day, or, if the application lists are not open on that day, then by the time and date stated in "*— Effect of Bad Weather on the Opening of the Application Lists*" below.

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(h) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at www.eipo.com.hk. **If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Wednesday, 22 July 2009, or such later time as described under "*— Effect of Bad Weather on the Opening of the Application Lists*" below, the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.**

(i) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated White Form eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

(j) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated White Form eIPO Service Provider to public investors. **Our Company, our Directors, the Global Coordinator, the Sponsor, the Bookrunners and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the White Form eIPO service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.**

Environmental Protection

The obvious advantage of White Form eIPO is to save the use of papers via the self-serviced and electronic application process. As environmental protection is part of Computershare's Corporate Social Responsibility Program, Computershare Hong Kong Investor Services Limited will contribute

HK$2 per each "BBMG Corporation" White Form eIPO application submitted via www.eipo.com.hk to support the funding of "Source of DongJiang — Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the White Form eIPO service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offer to submit your electronic application instructions. If you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **white** Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **white** or **yellow** Application Form or give electronic application instructions to HKSCC via CCASS.

Conditions of the White Form eIPO service

In using the **White Form eIPO** service to apply for the Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- **applies** for the desired number of Hong Kong Offer Shares on the terms and subject to the conditions set out in this prospectus and the White Form eIPO designated website at www.eipo.com.hk and subject to the Articles of Association;

- **undertakes** and **agrees** to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;

- **declares** that this is the only application made and the only application intended by the applicant to be made whether on a **white** or **yellow** Application Form or by giving electronic application instructions to HKSCC or the White Form eIPO Service Provider under the White Form eIPO service, to benefit the applicant or the person for whose benefit the applicant is applying;

- **undertakes** and **confirms** that the applicant (if the application is made for your benefit) or the person(s) for whose benefit the applicant are applying have not applied for or taken up, or indicated an interest in, and will not apply for, or take up, or indicate an interest in, and have not received or been placed or allocated (including conditionally and/or provisionally) any Offer Shares under the International Placing, nor otherwise participated in the International Placing;

- **understands** that this declaration and representation will be relied upon by our Company and the Global Coordinator in deciding whether or not to make any allocation of Hong Kong Offer Shares in response to such application;

- **authorises** our Company to place the applicant's name on the H Share register of members of our Company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and our Company and/or its agents to send any H Share certificates and/or any refund cheque(s) (where applicable) to the applicant or (in the case of joint applicants) the first-named applicant by ordinary post at the applicant's own risk to the address given on the White Form eIPO application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any H Share certificate(s) and/or refund cheque(s) in person in accordance with the procedures prescribed in the White Form eIPO designated website at www.eipo.com.hk and this prospectus;

- **requests** that any refund cheque(s) be made payable to the applicant;
- **has read** the terms and conditions and application procedures set out in the White Form eIPO designated website at www.eipo.com.hk and this prospectus and **agrees** to be bound by them;
- **represents, warrants** and **undertakes** that the applicant and any persons for whose account or benefit the applicant are applying are outside the United States (as defined in Regulation S) when completing and submitting this Application Form or is a person described in paragraph (h)(3) of the Rule 902 of Regulation S under the U.S. Securities Act and that the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require our Company, the Sponsor, the Global Coordinator, the Joint Bookrunners or the Underwriters to comply with any requirements under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong; and
- **agrees** that such application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Supplemental information

If any supplement to this prospectus is issued, applicant(s) who have already submitted an electronic application instruction through the White Form eIPO service may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications through the White Form eIPO service that have been submitted remain valid and may be accepted. Subject to the provisions referred to in this section, an application once made through the White Form eIPO service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the White Form eIPO service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

(a) **instruct** and **authorise** our Company and/or the Global Coordinator (or its agents or nominees) as agents of our Company, to execute any documents on your behalf and to do on your behalf all things necessary to effect the registration of any Hong Kong Offer Shares allocated to you in your name(s) as required by the Articles of Association, and otherwise to give effect to the arrangements described in this prospectus and the White Form eIPO designated website at www.eipo.com.hk;

(b) **undertake** to sign all documents and to do all things necessary to enable you to be registered as the holder of the Hong Kong Offer Shares to be allocated to you, and as required by the Articles of Association;

(c) if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Global Coordinator and Sponsor and the Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the White Form eIPO designated website at **www.eipo.com.hk**;

(d) **confirm** that you have received and/or read a copy of this prospectus and read the terms and conditions and application procedures set out in this prospectus and the White Form eIPO designated website at **www.eipo.com.hk** and **agree** to be bound by them and you have only relied on the information and representations in this prospectus in making your application and not on any other information or representations save as set out in any supplement to this prospectus;

(e) **agree** that our Company, the Sponsor, the Global Coordinator, the Joint Bookrunners or the Hong Kong Underwriters and any of their respective directors, officers, employees, partners, agents or advisers, or any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;

(f) **agree** (without prejudice to any other rights which may have) that once your application has been accepted, your may not rescind it because of an innocent misrepresentation;

(g) (if the application is made for your own benefit) **warrant** that this is the only application which will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through the **White Form eIPO** service; and

(h) (if you are an agent for another person) **warrant** reasonable enquiries have been made of that other person that that is the only application which will be made for the benefit of that other person on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through the **White Form eIPO** service, and that you are duly authorised to submit the application as that other person's agent.

(i) (if the application is made by an agent on your behalf) **warrant** that you have validly and irrevocably conferred on the agent all necessary power and authority to make the application;

(j) **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, and have not received or been placed or allotted (including conditionally and/or provisionally) any Offer Shares under the International Placing nor otherwise participated in the International Placing;

(k) **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(l) **represent**, **warrant** and **undertake** that you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and you and any person for whose account or benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in the Regulation S) when completing and submitting the application or are/is a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) **agree** to disclose to our Company, the Global Coordinator and Sponsor, the Joint Bookrunners, the Underwriters, our H Share Registrar, receiving banks and/or their respective advisers and agents any personal data and information which they require about you or the person(s) for whose benefit you have made in your application;

(n) **agree** with our Company and each Shareholder of our Company, and our Company agrees with each of our Shareholders, to observe and comply with PRC Company Law, the Companies Ordinance, the Special Regulations, and the Articles of Association;

(o) **agree** with our Company each Shareholder, Director, Supervisor, manager and officer of our Company, and our Company acting for ourselves and for each Director, Supervisor, manager and officer of our Company agrees with each Shareholder:

   (i) to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with the Articles of Association; and

   (ii) any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive;

(p) **agree** with our Company and each Shareholder that H Shares in the Company are freely transferable by the holders thereof;

(q) **warrant** the truth and accuracy of the information contained in your application;

(r) **undertake** and **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under your application;

(s) **authorise** our Company to place your name(s), on the H Share register of members of our Company as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any H Share certificate and/or any refund cheque to you or (in case of joint applicants) the first-named applicant in the application by ordinary post at your own risk to the address stated on the application, except that if you have applied for 1,000,000 or more Hong Kong Offer Shares and has indicated in the application that you will collect the H Share certificate(s) and/or refund cheque(s) in person, you may do so in the manner as described in *"— Despatch/Collection of H Share Certificates and Refund Cheques"* or such other date as notified by our Company in the newspapers as the date of despatch/collection of H Share certificates/refund cheques;

(t) **authorise** our Company to enter into a contract on your behalf with each of our Directors, Supervisors and officers whereby each such Director, Supervisor and officer undertakes to observe and comply with their obligations to shareholders as stipulated in the Articles of Association; and

(u) **understands** that these declarations and representations will be relied upon by our Company and the Global Coordinator in deciding whether or not to allocate any Hong Kong Offer Shares in response to this application and you may be prosecuted for making a false declaration.

Power of attorney

If your application is made by a duly authorised attorney, our Company and the Global Coordinator, or our and its agents and nominees, may accept it at our or its discretion, and subject to any conditions as we or it may think fit, including evidence of the authority of your attorney.

Additional information

For the purpose of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through **White Form eIPO** service to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated White Form eIPO Service Provider, the designated White Form eIPO Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated White Form eIPO Service Provider on the designated website at **www.eipo.com.hk**.

Otherwise, any monies payable to you due to a refund for any of the reasons set out below in "*— Despatch/Collection of H Share Certificates and Refund Cheques*".

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** through CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company, the Global Coordinator and our H Share Registrar.

Application for Hong Kong Offer Shares by HKSCC Nominees on your behalf

Where a **white** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **white** Application Form or this prospectus;

(b) HKSCC Nominees does the following things on behalf of each such person:

- **agrees** that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- **undertakes** and **agrees** to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- **represents**, **warrants** and **undertakes** that that person understands that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and that person is outside the United States (as defined in Regulation S) when giving electronic application instructions or is a person described in paragraph (h)(3) or Rule 902 of Regulation S;

- **undertakes** and **confirms** that that person has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, and has not received or been placed or allocated (including conditionally and/or provisionally) any Offer Shares under the International Placing nor otherwise participated in the International Placing;

- (if the **electronic application instructions** are given for that person's own benefit) **declares** that only one set of **electronic application instructions** has been given for that person's benefit;
- (if that person is an agent for another person) **declares** that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;
- **understands** that the above declaration will be relied upon by our Company and the Global Coordinator in deciding whether or not to make any allocation of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that person may be prosecuted if he makes a false declaration;
- **authorises** our Company to place the name of HKSCC Nominees on the H Share register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send H Share certificate(s) and/or refund monies (where applicable) in accordance with the arrangements separately agreed between our Company and HKSCC;
- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and **agrees** to be bound by them;
- **confirms** that that person has received and/or read a copy of this prospectus and has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and has not relied on any other information or representations save as set out in any supplement to this prospectus;
- **agrees** that our Company, the Sponsor, the Global Coordinator, the Joint Bookrunners or the Underwriters and any of their respective directors, officers, employees, partners, agents or advisers, or any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;
- **agrees** to disclose to our Company, the Global Coordinator and Sponsor, the Joint Bookrunners, the Underwriters, our H Share Registrar, the receiving banks and/or their respective advisers and agents any of that person's personal data and any information which they may require about that person;
- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;
- **agrees** that any application made by HKSCC Nominees on behalf of that person under **electronic application instructions** given by that person is irrevocable on or before 29 July 2009, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before 29 July 2009, except by means of one of the procedures referred to in this

prospectus. However, HKSCC Nominees may revoke the application before Wednesday, 29 July 2009 if a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer made available by our Company;

- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- **agrees** with our Company for ourselves and for the benefit of each of our Shareholders (and so that we will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the PRC Company Law, the Companies Ordinance, the Special Regulations and the Articles of Association;

- **agrees** with our Company, each Shareholder, Director, Supervisor, manager and officer of our Company, and our Company acting for ourselves and for each Director, Supervisor, manager and officer of our Company, agrees with each CCASS Participant giving **electronic application instructions**:

  (i) to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with the Articles of Association; and

  (ii) any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive;

- **agrees** with our Company and each Shareholder that H Shares in our Company are freely transferable by holders thereof;

- **authorises** our Company to enter into a contract on that person's behalf with each Director, Supervisor and officer of our Company whereby each such Director, Supervisor and officer undertakes to observe and comply with their obligations to our Shareholders stipulated in the Articles of Association; and

- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you joint applicants, each of you jointly and severally) are deemed to have taken the following actions. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the actions mentioned below:

- **instructed and authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- **instructed and authorised** HKSCC to arrange payment of the maximum Offer Price, the related brokerage, the SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the price per Offer Share initially paid on application, refund of the application monies, in each case including brokerage, the SFC transaction levy and the Stock Exchange trading fee, by crediting your designated bank account; and

- **instructed and authorised** HKSCC to cause HKSCC Nominees to take on your behalf all the things which it is stated to take on your behalf in the **white** Application Form.

Minimum subscription amount and permitted multiples

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 500 Hong Kong Offer Shares. Such instructions in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers of Hong Kong Offer Shares set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants to give electronic applications to HKSCC through CCASS terminals to apply for Hong Kong Offer Shares.

Allocation of Hong Kong Offer Shares

For the purpose of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions given will be treated as an applicant.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance).

Personal Data

The section “Personal Data” in the Application Form applies to any personal data held by our Company, the H Share Registrar, receiving banks, the Global Coordinator, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Sponsor, the Global Coordinator and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. If CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (a) submit a **white** or **yellow** Application Form; or (b) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 22 July 2009 or such other time as described in "*— Effect of Bad Weather on the Opening of the Application Lists*" below.

6. HOW MANY APPLICATIONS YOU MAY MAKE

Multiple applications or suspected multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Offer Shares if and only if you are a **nominee**, in which case you may give **electronic application instructions** to HKSCC through CCASS (if you are a CCASS Participant) and lodge more than one **white** or **yellow** Application Form in your own name if each application is made on behalf of different beneficial owners.

In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for each beneficial owner (or, in the case of joint beneficial owners, for each such beneficial owner). If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any electronic application instructions given by you or for your benefit to the designated White Form eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving electronic application instructions through the designated website at www.eipo.com.hk and completing payment in respect of such electronic application instructions, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an **electronic application instruction**, you:

- (if the application is made for your own benefit) **warrant** that the application is the only application which has been or will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service; or

- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **white or yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service, and that you are duly authorised to sign the Application Form or give **electronic application instructions** as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, **all** of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together or any of your joint applicants:

- make more than one application (whether individually or jointly with others) on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service;

- apply (whether individually or jointly with others) on one **white** Application Form and one **yellow** Application Form or on one **white** or **yellow** Application Form and give **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service;

- apply (whether individually or jointly with others) on one **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service for more than 46,667,000 H Shares, being 50% of the Hong Kong Offer Shares initially being offered for public subscription under the Hong Kong Public Offer, as more particularly described in the section entitled "*Structure of the Global Offering — Hong Kong Public Offer*"; or

- have applied for or taken up, or indicated an interest in, or will apply for or take up, or indicate an interest in, and have received or been placed or allotted (including conditionally and/or provisionally) any Offer Shares under the International Placing or otherwise participated in the International Placing.

All of your applications will also be rejected as multiple applications if more than one application (on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service) is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

7. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$6.38 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%. This means that for every board lot of 500 H Shares, you will pay HK$3,222.19. The Application Forms have tables showing the exact amount payable for the numbers of Hong Kong Offer Shares that may be applied for. Your application must be for a minimum of 500 H Shares. Applications must be in one of the numbers set out in the tables in the Application Forms. No application for any other number of H Shares will be considered and any such application is liable to be rejected.

You must pay the maximum Offer Price, and related brokerage, SFC transaction levy and Stock Exchange trading fee in full when you apply for the Hong Kong Offer Shares. You must pay the amount payable upon application for Hong Kong Offer Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form) or this prospectus.

If your application is successful, brokerage is paid to the Stock Exchange or participants of the Stock Exchange (as the case may be) and the SFC transaction levy and Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

8. WHEN MAY APPLICATIONS BE MADE

Applications on white or yellow Application Forms

Completed **white** or **yellow** Application Forms, together with payment attached, must be lodged by 12:00 noon on Wednesday, 22 July 2009, or, if application lists are not open on that day, then by the time and date stated in "*— Effect of Bad Weather on the Opening of the Application Lists*" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of Bank of China (Hong Kong) Limited or Bank of Communications Co., Ltd. Hong Kong Branch (please refer to "*— Applying by Using a White or Yellow Application Form — Where to collect the Application Forms*" above) at the following times:

Friday,	17 July 2009	— **9:00 a.m. to 5:00 p.m.**
Saturday,	18 July 2009	— **9:00 a.m. to 1:00 p.m.**
Monday,	20 July 2009	— **9:00 a.m. to 5:00 p.m.**
Tuesday,	21 July 2009	— **9:00 a.m. to 5:00 p.m.**
Wednesday,	22 July 2009	— **9:00 a.m. to 12:00 noon**

The application lists will open from 11:45 a.m. to 12:00 noon on Wednesday, 22 July 2009.

No proceedings will be taken on applications for the H Shares and no allotment of any such H Shares will be made until the closing of the application lists. No allotment of any of the H Shares will be made later than, Sunday, 16 August 2009.

White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Friday, 17 July 2009 until 11:30 a.m. on Wednesday, 22 July 2009 or such later time as described under "*— Effect of Bad Weather on the Opening of the Application Lists*" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 22 July 2009, the last application day, or if the application lists are not open on that day, then by the time and date stated in "*— Effect of Bad Weather on the Opening of the Application Lists*" below.

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

If you do not make complete payment of the application monies (including any related fees) on or before 12:00 on Wednesday, 22 July 2009, or such later time as described under "*— Effect of Bad*

Weather on the Opening of the Application Lists" below, the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

Electronic application instructions to HKSCC through CCASS

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday,	17 July 2009	— **9:00 a.m. to 8:30 p.m.**(1)
Saturday,	18 July 2009	— **8:00 a.m. to 1:00 p.m.**(1)
Monday,	20 July 2009	— **8:00 a.m. to 8:30 p.m.**(1)
Tuesday,	21 July 2009	— **8:00 a.m. to 8:30 p.m.**(1)
Wednesday,	22 July 2009	— **8:00 a.m.**(1) **to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 17 July 2009 until 12:00 noon on Wednesday, 22 July 2009, or if the application lists are not open on that day, by the time and date stated in "— *Effect of Bad Weather on the Opening of the Application Lists*" below (24 hours daily, except the last application day).

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 22 July 2009. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists of the Hong Kong Public Offer do not open and close on Wednesday, 22 July 2009 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong on the other dates mentioned in "*Expected Timetable*", such dates mentioned in "*Expected Timetable*" may be affected. An announcement will be made in such event.

10. PUBLICATION OF RESULTS

We expect to announce the Offer Price, the general level of indication of interest in the International Placing, the basis of allotment of the Hong Kong Offer Shares and the level of applications under the Hong Kong Public Offer on Tuesday, 28 July 2009 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of the Company (**www.bbmg.com.cn**).

In addition, we expect to announce the results of applications and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer at the times and dates and in the manner specified below:

- Results of allocations for the Hong Kong Public Offer will be available from our designated results of allocations website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on Tuesday, 28 July 2009 to 12:00 midnight on Monday, 3 August 2009. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;

- Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, 28 July 2009 to Friday, 31 July 2009; and

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Tuesday, 28 July 2009 to Thursday, 30 July 2009 at all the receiving bank branches and sub-branches at the addresses set out in "— *Applying by Using a White or Yellow Application Form — Where to collect the Application Forms*" above.

11. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reasons, our Company will refund your application monies, including the related brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, to you, without interest.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than the price per Hong Kong Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) initially paid on application, our Company will refund to you the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies, without interest.

All interest accrued on application monies prior to the date of refund will be retained for our Company's benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Global Coordinator, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Tuesday, 28 July 2009 in accordance with the various arrangements as described under "— *Despatch/Collection of H Share Certificates and Refund Cheques*" below.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

By completing and submitting an Application Form or giving an **electronic application instruction** to HKSCC or to the designated White Form eIPO Service Provider through **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider on your behalf cannot be revoked on or before Wednesday, 29 July 2009, unless a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus. This agreement will take effect as a collateral contract with us, and will become binding when you lodge your Application Form or submit your electronic application instructions to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly or to the White Form eIPO Service Provider. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before Wednesday, 29 July 2009, except by means of one of the procedures referred to in this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion for our Company and the Global Coordinator (or our or its agents and nominees) to reject or accept your application:**

Our Company and the Global Coordinator (or our or its agents and nominees) or the designated White Form eIPO Service Provider (where applicable) have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

- **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply by a **white** or **yellow** Application Form or apply through **White Form eIPO** service through the designated White Form eIPO Service Provider) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the H Shares either:

— within three weeks from the closing date of the application lists; or

— within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

— you make multiple applications or suspected to have made multiple applications;

— you or the person for whose benefit you apply for have applied for or taken up, or indicated an interest in or received, or have been or will be placed or allocated (including conditionally and/or provisionally) any International Placing Shares under the International Placing. By filling in any of the Application Forms or apply by giving **electric application instructions** to HKSCC or apply by White Form eIPO through the designated White Form eIPO Service Provider, you agree not to apply for Hong Kong Offer Shares as well as International Placing Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received International Placing Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offer:

— your electronic application instructions through **the White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;

— your payment is not made correctly;

— you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its fist presentation;

— your Application Form is not completed correctly or fully in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);

— our Company or the Joint Bookrunners believe that by accepting your application, this would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed;

— you apply for more than 50% of the Hong Kong Offer Shares initially being offered in the Hong Kong Public Offer for subscription (that is 46,667,000 H Shares);

— any one or both of the Underwriting Agreements does/do not become unconditional or is/are terminated in accordance with its/their respective terms; or

— the application of H Shares is not in one of the numbers set out in the table in the Application Form.

You should also note that you may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Placing Shares under the International Placing, but may not do both.

13. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND CHEQUES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the initial price per Offer Share (excluding the related brokerage, SFC transaction levy and Stock Exchange trading fee) initially paid on application, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with *"Structure of the Global Offering — Conditions of the Hong Kong Public Offer"* or if any application is revoked or any allotment under the application has become void, the application monies, or the appropriate portion of the application monies, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary document of title will be issued in respect of the Hong Kong Offer Shares. No receipt will be issued for sums paid on application. Subject to personal collection as mentioned below, in due course, there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified in the application:

(a) for applications on **white** Application Forms or by giving electronic application instructions through the **White Form eIPO** service: (i) H Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (ii) H Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful. For wholly successful and partially successful applications on **yellow** Application Forms, H Share certificates for H Shares successfully applied for will be deposited into CCASS as described below; and/or

(b) for applications on **white** or **yellow** Application Forms or by giving electronic application instructions through the **White Form eIPO** service, refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application if the Offer Price is less than the price per Offer Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your bank may require verification of your Hong Kong identity card number/ passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, (i) refund cheque for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the price per Offer Share initially paid on application (if any) under **white** or **yellow** Application Forms or electronic application instructions through the **White Form eIPO** service; and (ii) H Shares certificates for wholly and partially successful applicants under **white** Application Forms or electronic application instructions through the **White Form eIPO** service, are expected to be posted on or around Tuesday, 28 July 2009. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s).

H Share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section entitled "*Underwriting — Underwriting Arrangements and Expenses — Grounds for termination*" has not been exercised. You should note that there is no guarantee when you will receive your share certificate(s) and/or refund cheque(s) by post. Therefore, if you sell your Shares in the first few days after the Shares commence trading on the Stock Exchange, you may not receive your H Share certificate(s) in time for settlement.

(a) If you apply using a white Application Form:

If you apply for 1,000,000 or more Hong Kong Offer Shares on a **white** Application Form and have indicated your intention in your Application Form to collect your refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) from the H Share Registrar and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and H Share certificate(s) (where applicable) from the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 28 July 2009 or such other date as notified by us in the newspapers as the date of collection/despatch of refund cheques/H Share certificates. If you are an individual, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant that opts for personal collection, you must attend by your personal authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Such individuals and personal authorised representatives (as the case may be) must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. If you do not collect your refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) personally within the time specified for collection, they will then be sent to the address as specified in your Application Form promptly by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 or more Hong Kong Offer Shares but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) will be sent to the address on your Application Form on Tuesday, 28 July 2009, by ordinary post and at your own risk.

(b) If you apply using a yellow Application Form:

If you apply for Hong Kong Offer Shares using a **yellow** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Tuesday, 28 July 2009, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described in "— *Publication of Results*" on Tuesday, 28 July 2009. You should check the announcement made by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 28 July 2009, or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 or more Hong Kong Offer Shares and you have elected on your **yellow** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **white** Application Form applicants as described above.

If you have applied for 1,000,000 or more Hong Kong Offer Shares and have not indicated on your application forms that you will collect your refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Hong Kong Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with *"Structure of the Global Offering — Conditions of the Hong Kong Public Offer"* in this prospectus, or if your application is revoked or any allotment under the application has become void, your refund cheque(s) (where applicable) in respect of the application monies or the appropriate portion of the application monies, together with the related brokerage fee, SFC transaction levy, Stock Exchange trading fee, if any, (without interest) will be sent to the address on your Application Form on Tuesday, 28 July 2009 by ordinary post at your own risk.

(c) If you apply through White Form eIPO

If you apply for 1,000,000 or more Hong Kong Offer Shares through the **White Form eIPO** service by submitting an electronic application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your H Share certificate(s) and/or refund cheque(s) (where applicable) in person from our H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 28 July 2009, or such other date as notified by our Company in the newspapers as the date of despatch/collection of H Share certificates/refund cheques.

If you do not collect H Share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will then be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider promptly after the said date of despatch/collection of H Share certificates/refund cheques, by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** on Tuesday, 28 July 2009, by ordinary post at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated White Form eIPO Service Provider set out above in "*— Applying Through White Form eIPO — Additional information*".

(d) If you apply by giving electronic application instructions to HKSCC:

Allocation for Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each persons for whose benefit each such instructions is given will be treated as an applicant.

Deposit of H Share certificates into CCASS and refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.

- If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on Tuesday, 28 July 2009, or, in the event under a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- We expect to publish the Offer Price, the application results of CCASS Participant (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the manner described in "*—Publication of Results*" on Tuesday, 28 July 2009. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 28 July 2009 or such other date as shall be determined by HKSCC of HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 28 July 2009. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the price per Offer Share initially paid on application, in each case including the related brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 28 July 2009. No interest will be paid on such application monies.

14. COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence on Wednesday, 29 July 2009.

The H Shares will be traded in board lots of 500 each. The stock code of the H Shares is 2009.

15. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the full text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

Ernst & Young
安 永

18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

17 July 2009

The Directors
BBMG Corporation
UBS AG, Hong Kong Branch

Dear Sirs,

We set out below our report on the financial information of BBMG Corporation (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), prepared on the basis set out in note 2 of Section II below, for each of the three years ended 31 December 2006, 2007, 2008 and the three-month period ended 31 March 2009 (the "Financial Information"), and the three-month period ended 31 March 2008 (the "31 March 2008 Financial Information"), for inclusion in the prospectus of the Company dated 17 July 2009 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was established as a joint stock company with limited liability on 22 December 2005 in the People's Republic of China (the "PRC"). The Group, jointly-controlled entities and associates were all established in the PRC and have adopted 31 December as their financial year end date. The statutory accounts of these companies were prepared in accordance with the relevant accounting principles and financial regulations in the PRC applicable to these companies and all of which were not audited by us.

The directors of the Company have prepared the consolidated financial statements of the Group for the three years ended 31 December 2006, 2007 and 2008 and the three-month period ended 31 March 2009 (the "Relevant Periods"), in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "HKFRS Financial Statements"), which were audited by us in accordance with Hong Kong Standards on Auditing.

Procedures performed in respect of the Financial Information

The Financial Information has been prepared from the HKFRS Financial Statements and in accordance with the basis set out in note 2 of Section II. For the purpose of this report, we have carried out an independent audit on the Financial Information in accordance with Hong Kong Standards on Auditing issued by the HKICPA, and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. No adjustments were considered necessary to adjust the HKFRS Financial Statements to conform to the accounting policies referred to in note 3.2 of Section II below for the Relevant Periods.

The directors of the Company are responsible for the preparation and the true and fair presentation of the HKFRS Financial Statements and the Financial Information in accordance with HKFRSs. The directors of the respective companies of the Group are responsible for the preparation and the true and fair presentation of the respective financial statements and, where appropriate, management accounts in accordance with the relevant accounting principles and financial regulations applicable to these companies. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, and that judgements and estimates made are prudent and reasonable. It is our responsibility to form an independent opinion based on our audit of the Financial Information and to report our opinion thereon.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Procedures performed in respect of the 31 March 2008 Financial Information

For the purpose of this report, we have also performed a review of the 31 March 2008 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the 31 March 2008 Financial Information.

The Financial Information and the 31 March 2008 Financial Information are the responsibilities of the directors of the Company who approved its issuance. The directors of the Company are responsible for the Financial Information and the 31 March 2008 Financial Information which give, for the purpose of this report, a true and fair view and the contents of the Prospectus in which this report is included. In preparing the Financial Information and the 31 March 2008 Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates made are prudent and reasonable. It is our responsibility to form, based on our examination, an independent opinion on the Financial Information and to report our opinion solely to you.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of preparation set out in note 2 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at 31 December 2006, 2007, 2008 and 31 March 2009 and of the consolidated results and cash flows of the Group for each of the Relevant Periods in accordance with HKFRSs.

Review conclusion in respect of the 31 March 2008 Financial Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the 31 March 2008 Financial Information does not give a true and fair view of the consolidated results and cash flows of the Group for the three-month period ended 31 March 2008.

I. FINANCIAL INFORMATION

Consolidated income statements

	Notes	Year ended 31 December			Three-month period ended 31 March	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	6	6,612,345	8,080,460	8,550,656	2,149,765	2,164,186
Cost of sales		(5,373,414)	(6,481,901)	(6,438,645)	(1,643,325)	(1,612,681)
Gross profit		1,238,931	1,598,559	2,112,011	506,440	551,505
Other revenue, income and gains	6	388,191	393,109	572,596	89,739	81,544
Fair value gains/(losses) on investment properties, net		429,474	389,836	910,866	53,984	(26,356)
Selling and marketing expenses		(272,547)	(345,869)	(447,495)	(85,570)	(95,897)
Administrative expenses		(691,710)	(853,288)	(890,276)	(212,362)	(224,583)
Other operating expenses, net		(79,967)	(54,384)	(87,581)	(18,762)	(5,702)
Finance costs	8	(121,005)	(261,851)	(228,352)	(74,430)	(50,272)
Share of profits and losses of:						
Jointly-controlled entities		(20)	(5,580)	(16,831)	(1,377)	(3,265)
Associates		241	(1,239)	(17,562)	(5,111)	(8,636)
PROFIT BEFORE TAX	7	891,588	859,293	1,907,376	252,551	218,338
Tax	10	(354,818)	(165,533)	(521,365)	(85,489)	(68,595)
PROFIT FOR THE YEAR/PERIOD		536,770	693,760	1,386,011	167,062	149,743
Attributable to:						
Owners of the Company		494,192	643,588	1,320,816	157,076	141,775
Minority interests		42,578	50,172	65,195	9,986	7,968
		536,770	693,760	1,386,011	167,062	149,743
DIVIDEND	11	54,330	112,689	112,000	—	—
Earnings per share attributable to owners of the Company	12					
Basic		RMB0.30	RMB0.36	RMB0.59	RMB 0.09	RMB 0.05
Diluted		N/A	N/A	N/A	N/A	N/A

"Profit for the year/period" represents the "total comprehensive income" for the Relevant Periods presented, accordingly, no consolidated statement of comprehensive income is presented.

Consolidated statements of financial position

	Notes	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	2,864,279	3,691,270	4,233,644	4,451,929
Investment properties	14	4,886,625	5,519,132	7,409,487	7,437,901
Land use rights	15	688,980	723,118	1,328,558	1,322,595
Goodwill	16	23,777	99,171	99,171	99,171
Other intangible assets	17	4,529	5,512	22,265	22,209
Mining rights	18	—	84,819	89,828	89,006
Interests in jointly-controlled entities	20	202,297	177,606	254,406	249,735
Interests in associates	21	327,907	328,240	795,237	786,601
Available-for-sale investments	22	11,161	12,455	14,985	14,985
Deferred tax assets	31	76,970	84,394	119,199	120,816
Total non-current assets		9,086,525	10,725,717	14,366,780	14,594,948
CURRENT ASSETS					
Inventories	23	2,857,889	5,049,377	6,347,923	6,339,097
Trade and bills receivables	24	931,210	1,303,083	1,139,744	1,610,252
Prepayments, deposits and other receivables	25	2,747,426	2,743,068	1,499,591	1,476,532
Taxes recoverable	30	3,733	16,554	20,953	17,774
Restricted cash	26	86,015	92,331	135,753	123,954
Cash and cash equivalents	26	1,497,611	1,666,587	1,881,897	1,733,185
Total current assets		8,123,884	10,871,000	11,025,861	11,300,794
CURRENT LIABILITIES					
Trade and bills payables	27	1,499,864	1,544,549	1,961,612	2,179,564
Other payables and accruals	28	5,546,740	9,058,462	5,786,030	5,368,057
Dividend payable	11	—	54,330	19,057	19,057
Interest-bearing bank loans	29	3,207,444	3,961,030	5,152,200	4,914,700
Taxes payable	30	252,925	298,846	321,259	363,708
Provision for supplementary pension subsidies and early retirement benefits	32	54,204	48,375	45,761	44,203
Total current liabilities		10,561,177	14,965,592	13,285,919	12,889,289
NET CURRENT LIABILITIES		(2,437,293)	(4,094,592)	(2,260,058)	(1,588,495)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,649,232	6,631,125	12,106,722	13,006,453
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	29	983,408	875,700	1,872,700	2,638,296
Deferred tax liabilities	31	677,366	674,632	955,856	951,204
Provision for supplementary pension subsidies and early retirement benefits	32	910,102	583,921	558,328	560,987
Deferred income	33	32,938	62,026	304,778	305,250
Other non-current liabilities	34	—	252,645	240,831	227,229
Total non-current liabilities		2,603,814	2,448,924	3,932,493	4,682,966
Net assets		4,045,418	4,182,201	8,174,229	8,323,487

	Notes	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
EQUITY					
Equity attributable to owners of the Company					
Share capital	35	1,800,000	1,800,000	2,800,000	2,800,000
Reserves	36	1,901,855	1,658,834	4,422,226	4,564,001
Proposed final dividend	11	54,330	112,689	112,000	112,000
		3,756,185	3,571,523	7,334,226	7,476,001
Minority interests		289,233	610,678	840,003	847,486
Total equity		4,045,418	4,182,201	8,174,229	8,323,487

Consolidated statements of changes in equity

	Attributable to owners of the Company									
	Share capital	Share premium	Statutory reserve	Merger reserve	Capital reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total
	RMB'000 Note 35	RMB'000	RMB'000 Note 36	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	1,492,035	688,307	—	382,311	(455,805)	724,345	—	2,831,193	210,080	3,041,273
Issue of shares — note 35	307,965	142,035	—	—	—	—	—	450,000	—	450,000
Contribution from the Parent — note 2.1	—	—	—	37,164	—	—	—	37,164	—	37,164
Deemed distributions to the Parent — note 2.1	—	—	—	(37,164)	—	—	—	(37,164)	—	(37,164)
Contributions from minority interests	—	—	—	—	—	—	—	—	49,264	49,264
Acquisitions of minority interests	—	—	—	—	(19,200)	—	—	(19,200)	(16,044)	(35,244)
Acquisitions of subsidiaries	—	—	—	—	—	—	—	—	3,355	3,355
Total comprehensive income for the year	—	—	—	—	—	494,192	—	494,192	42,578	536,770
Proposed 2006 final dividend	—	—	—	—	—	(54,330)	54,330	—	—	—
At 31 December 2006 and 1 January 2007	1,800,000	830,342	—	382,311	(475,005)	1,164,207	54,330	3,756,185	289,233	4,045,418
Contribution from the Parent — note 2.1	—	—	—	32,167	—	—	—	32,167	6,066	38,233
Deemed distributions to the Parent — note 2.1	—	—	—	(392,311)	(433,316)	—	—	(825,627)	—	(825,627)
Contributions from minority interests	—	—	—	—	14,274	—	—	14,274	265,160	279,434
Acquisition of minority interests	—	—	—	—	557	—	—	557	(1,220)	(663)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	12,001	12,001
Dividends paid to minority interests	—	—	—	—	—	—	—	—	(10,028)	(10,028)
Disposals of subsidiaries	—	—	—	—	4,709	—	—	4,709	(706)	4,003
Final 2006 dividend declared	—	—	—	—	—	—	(54,330)	(54,330)	—	(54,330)
Total comprehensive income for the year	—	—	—	—	—	643,588	—	643,588	50,172	693,760
Proposed 2007 final dividend	—	—	—	—	—	(112,689)	112,689	—	—	—
At 31 December 2007 and 1 January 2008	1,800,000	830,342	—	22,167	(888,781)	1,695,106	112,689	3,571,523	610,678	4,182,201
Issue of shares — note 35	1,000,000	1,600,000	—	—	—	—	—	2,600,000	—	2,600,000
Contributions from the Parent	—	—	—	—	19,200	—	—	19,200	—	19,200

	Attributable to owners of the Company									
	Share capital	Share premium	Statutory reserve	Merger reserve	Capital reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total
	RMB'000 Note 35	RMB'000	RMB'000 Note 36	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deemed distribution to the Parent — note 2.1	—	—	—	(22,167)	(3,836)	—	—	(26,003)	—	(26,003)
Contributions from minority interests	—	—	—	—	—	—	—	—	89,444	89,444
Acquisition of minority interests	—	—	—	—	(38,621)	—	—	(38,621)	(257,443)	(296,064)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	348,010	348,010
Profit appropriation to reserves	—	—	1,115	—	—	(1,115)	—	—	—	—
Dividends paid to minority interests	—	—	—	—	—	—	—	—	(15,881)	(15,881)
Final 2007 dividend declared	—	—	—	—	—	—	(112,689)	(112,689)	—	(112,689)
Total comprehensive income for the year	—	—	—	—	—	1,320,816	—	1,320,816	65,195	1,386,011
Proposed 2008 final dividend	—	—	—	—	—	(112,000)	112,000	—	—	—
At 31 December 2008 and 1 January 2009	2,800,000	2,430,342	1,115	—	(912,038)	2,902,807	112,000	7,334,226	840,003	8,174,229
Dividends paid to minority interests	—	—	—	—	—	—	—	—	(485)	(485)
Total comprehensive income for the period	—	—	—	—	—	141,775	—	141,775	7,968	149,743
At 31 March 2009	2,800,000	2,430,342	1,115	—	(912,038)	3,044,582	112,000	7,476,001	847,486	8,323,487

	Attributable to owners of the Company									
	Share capital	Share premium	Statutory reserve	Merger reserve	Capital reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
At 1 January 2008	1,800,000	830,342	—	22,167	(888,781)	1,695,106	112,689	3,571,523	610,678	4,182,201
Contributions from minority interests	—	—	—	—	—	—	—	—	378	378
Acquisitions of minority interests	—	—	—	—	—	—	—	—	(5,807)	(5,807)
Dividends paid to minority interests	—	—	—	—	—	—	—	—	(5,948)	(5,948)
Deemed distributions to the Parent	—	—	—	(22,167)	(3,836)	—	—	(26,003)	—	(26,003)
Total comprehensive income for the period	—	—	—	—	—	157,076	—	157,076	9,986	167,062
At 31 March 2008	1,800,000	830,342	—	—	(892,617)	1,852,182	112,689	3,702,596	609,287	4,311,883

Consolidated statements of cash flows

	Notes	Year ended 31 December 2006	2007	2008	Three-month period ended 31 March 2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		891,588	859,293	1,907,376	252,551	218,338
Adjustments for:						
Finance costs	8	121,005	261,851	228,352	74,430	50,272
Share of profits and losses of jointly-controlled entities		20	5,580	16,831	1,377	3,265
Share of profits and losses of associates		(241)	1,239	17,562	5,111	8,636
Interest income	6	(7,795)	(23,015)	(46,543)	(14,947)	(7,470)
Depreciation	7	205,844	250,378	276,191	54,074	73,142
Impairment of items of property, plant and equipment	7	3,418	—	2,149	—	—
Impairment of trade receivables, net		10,454	21,727	29,310	4,632	1,299
Amortisation of land use rights	7	11,010	11,891	18,568	3,373	6,191
Amortisation of mining rights	7	—	1,171	2,541	474	822
Amortisation of other intangible assets	7	646	808	1,378	196	213
Loss/(gain) on disposals of items of property, plant and equipment	7	(969)	881	1,616	(3,481)	(332)
Loss/(gain) on disposals of subsidiaries	7	(2,814)	—	3,272	—	—
Recognition of deferred income	6	(13,591)	(10,288)	(18,503)	(2,348)	(3,235)
Changes in fair values of investment properties		(429,474)	(389,836)	(910,866)	(53,984)	26,356
		789,101	991,680	1,529,234	321,458	377,497
Decrease/(increase) in inventories		(43,690)	(2,502,101)	(717,052)	149,308	(36,473)
Decrease/(increase) in trade and bills receivables		(108,609)	(278,787)	140,933	135,888	(471,807)
Decrease/(increase) in prepayments, deposits and other receivables		(533,327)	(101,449)	685,156	93,609	23,556
Decrease/(increase) in restricted cash		(3,137)	(6,316)	(43,422)	19,495	11,799
Increase in trade and bills payables		237,586	259,734	245,157	128,941	217,952
Increase/(decrease) in other payables and accruals		173,758	371,050	(595,171)	(440,568)	(298,694)
Increase/(decrease) in other non-current liabilities		—	227,229	(11,814)	(25,416)	(13,602)
Increase/(decrease) in provision for supplementary pension subsidies and early retirement benefits		(13,387)	(16,922)	(28,207)	(1,257)	1,101
Cash generated from/(used in) operations		498,295	(1,055,882)	1,204,814	381,458	(188,671)
Interest received		7,795	23,015	46,543	14,947	7,470
Interest paid		(51,767)	(53,140)	(176,610)	(41,613)	(50,999)
Government grants received		12,800	41,834	63,970	4,943	4,152
Corporate income tax paid		(61,436)	(129,146)	(296,662)	(28,620)	(28,465)
Land appreciation tax paid		(4,905)	(13,372)	(14,470)	(11,074)	(771)
Net cash inflow/(outflow) from operating activities		400,782	(1,186,691)	827,585	320,041	(257,284)

	Notes	Year ended 31 December			Three-month period ended 31 March	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(474,843)	(279,060)	(1,155,405)	(406,700)	(291,641)
Additions of investment properties		(304,713)	(398,271)	(654,289)	(27,536)	(72,437)
Additions of land use rights		(20,568)	—	(375,957)	(83,770)	(725)
Additions of mining rights	18	—	—	(7,550)	—	—
Additions of other intangible assets	17	(722)	(2,046)	(18,131)	(706)	(157)
Purchases of unlisted shares		(4,786)	(10,041)	(2,819)	(475)	—
Acquisitions of subsidiaries, net of cash acquired	37(a),(b)	360	(481,382)	9,298	850	—
Purchases of shareholding in associates		(12,604)	(1,572)	(192,925)	(47,926)	—
Proceeds from disposal of items of property, plant and equipment		34,285	120,519	41,792	46,518	5,965
Proceeds from disposal of unlisted shares		—	—	289	—	—
Acquisitions of minority interests		(35,244)	(1,220)	(296,064)	(5,807)	—
Investment in jointly-controlled entities		(4,500)	(76,669)	(95,131)	(10,541)	—
Dividends received from associates		443	—	—	—	—
Dividends received from jointly-controlled entities		—	—	—	—	1,406
Disposals of subsidiaries, net of cash disposed of	38(a),(b)	105	(144,418)	(22,456)	—	—
(Advances to)/repayment from the Parent		(1,030,000)	1,030,000	—	—	—
(Advances to)/repayment from a jointly-controlled entity		—	(428,783)	125,727	—	—
Interest paid		—	(12,557)	(68,359)	(8,638)	(11,178)
Net cash outflow from investing activities		(1,852,787)	(685,500)	(2,711,980)	(544,731)	(368,767)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	35, 36	450,000	—	2,600,000	531,440	—
Advances from/(repayment to) the Parent for financing activities		—	1,581,840	(1,581,840)	—	—
Contributions from the Parent		37,164	1,582	—	—	—
Loans/(repayment of loans) from the Parent		—	778,000	(778,000)	(778,000)	—
Proceeds from bank loans		3,290,050	4,821,483	9,902,630	4,480,201	1,484,296
Repayment of bank loans		(1,785,648)	(4,323,666)	(7,714,331)	(3,377,631)	(956,200)
Interest paid		(121,005)	(261,851)	(228,352)	(74,430)	(50,272)
Deemed distributions to the Parent		(37,164)	(825,627)	(26,003)	(26,003)	—
Dividends paid to owners of the Company		—	—	(147,962)	—	—
Dividends paid to minority shareholders		—	(10,028)	(15,881)	(5,948)	(485)
Capital contributions from minority shareholders in subsidiaries		49,264	279,434	89,444	378	—
Net cash inflow from financing activities		1,882,661	2,041,167	2,099,705	750,007	477,339
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		430,656	168,976	215,310	525,317	(148,712)
Cash and cash equivalents at beginning of year/period		1,066,955	1,497,611	1,666,587	1,666,587	1,881,897
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		1,497,611	1,666,587	1,881,897	2,191,904	1,733,185
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	26	1,471,069	1,640,123	1,844,969	2,164,838	1,702,573
Non-pledged time deposits with original maturity of less than three months when acquired	26	26,542	26,464	36,928	27,066	30,612
		1,497,611	1,666,587	1,881,897	2,191,904	1,733,185

Statements of financial position of the Company

	Notes	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	67,566	68,652	222,538	216,765
Investment properties	14	1,391,103	1,882,275	4,629,950	4,627,400
Land use rights	15	337,578	329,371	337,868	335,820
Investments in subsidiaries	19	2,644,241	4,375,292	5,436,944	5,436,944
Investments in jointly-controlled entities	20	1,500	27,169	110,971	110,971
Investments in associates	21	281,296	303,542	336,804	336,804
Available-for-sale investments	22	8,194	8,194	8,194	8,194
Total non-current assets		4,731,478	6,994,495	11,083,269	11,072,898
CURRENT ASSETS					
Trade and bills receivables	24	389,563	307,203	252,489	230,079
Prepayments, deposits and other receivables	25	1,669,169	2,823,701	2,495,026	2,577,071
Cash and cash equivalents	26	324,862	479,433	540,053	455,231
Total current assets		2,383,594	3,610,337	3,287,568	3,262,381
CURRENT LIABILITIES					
Trade and bills payables	27	295,307	292,282	240,004	241,869
Other payables and accruals	28	1,160,592	4,672,158	2,729,067	2,733,622
Dividend payable	11	—	54,330	19,057	19,057
Interest-bearing bank loans	29	1,772,000	1,900,000	3,298,000	2,870,000
Taxes payable	30	—	2,155	—	—
Provision for supplementary pension subsidies and early retirement benefits	32	45,868	44,622	42,035	40,469
Total current liabilities		3,273,767	6,965,547	6,328,163	5,905,017
NET CURRENT LIABILITIES		(890,173)	(3,355,210)	(3,040,595)	(2,642,636)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,841,305	3,639,285	8,042,674	8,430,262
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	29	—	—	400,000	820,000
Deferred tax liabilities	31	178,291	191,244	507,432	505,000
Provision for supplementary pension subsidies and early retirement benefits	32	853,841	547,595	531,566	533,697
Total non-current liabilities		1,032,132	738,839	1,438,998	1,858,697
Net assets		2,809,173	2,900,446	6,603,676	6,571,565
EQUITY					
Share capital	35	1,800,000	1,800,000	2,800,000	2,800,000
Reserves	36	954,843	987,757	3,691,676	3,659,565
Proposed final dividend	11	54,330	112,689	112,000	112,000
Total equity		2,809,173	2,900,446	6,603,676	6,571,565

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

1.1 The Company was established in the PRC on 22 December 2005 as a joint stock company with limited liability. The registered office of the Company is located at No.36, North Third Ring East Road, Dongcheng District, Beijing, the PRC.

The Group is principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment, and provision of property management services.

In the opinion of the directors of the Company, the ultimate holding company of the Company is BBMG Group Company Limited (the "Parent"), a State-owned enterprise administrated by the State-owned Assets Supervision and Administration Commission of the Beijing Municipal Government (the "Beijing SASAC").

On 22 December 2005, the Parent transferred the equity interests in certain entities wholly owned or controlled by the Parent which principally engage in the manufacture and sale of cement and modern building materials, property development, property investment and the provision of property management services (collectively the "Transferred Operations") together with the relevant net assets associated with the Transferred Operations to the Company and in return the Company allotted and issued 1,095,120,000 shares of RMB1 each to the Parent. China National Materials Co., Ltd., Hopeson Holdings Limited, Beifang Real Estate Development Co., Ltd. and Tianjin Building Materials (Holding) Co., Ltd. (collectively the "Other Promoters") injected cash into the Company in an aggregate amount of approximately RMB1,030,000,000 as consideration for the Company's paid-up capital of an aggregate of 704,880,000 shares of RMB1 each, out of which 396,915,000 shares were issued in December 2005 and 307,965,000 shares were issued in March 2006. As a result, 60.84% and 39.16% of the share capital of the Company were owned by the Parent and the Other Promoters, respectively.

1.2 Significant acquisitions and disposals of subsidiaries with the Parent during the Relevant Periods are summarised below:

(a) Acquisition of equity interests in certain companies from the Parent

In December 2006, the Parent transferred its 100% equity interest in Beijing Tongda Refractory Technology Corporation ("Tongda Refractory"), which is a subsidiary of the Parent established in 2006.

In December 2007, the Parent transferred the following to the Group:

(i) In December 2007, 100% equity interest in Beijing Building Materials Trading Co., Ltd. ("BBMT") and its subsidiaries (collectively the "BBMT Group"), which was transferred in December 2006 by the Beijing SASAC to the Parent for nil consideration; and

(ii) In December 2007, 100% equity interest in BBMG (Dachang) New Building Materials Co., Ltd. ("Dachang BBMG"), which is a wholly-owned subsidiary of the Parent established in 2007.

In March 2008, the Parent transferred its 75% equity interest in Gongyi Tongda Zhongyuan Refractory Engineering Technology Co., Ltd. ("Gongyi Tongda Technology") to the Group. The Parent acquired 75% equity interest of Gongyi Tongda Technology in October 2007.

(b) Disposals of equity interests in certain entities to the Parent

In December 2007, the Group transferred its equity interests in certain entities (the "Transferred Out Entities"), which are dormant or non-performing, to the Parent.

2. BASIS OF PRESENTATION

2.1 Prior to and after the acquisitions of the BBMT Group, Dachang BBMG and Gongyi Tongda Technology as detailed in note 1.2(a) above, the BBMT Group, Dachang BBMG and Gongyi Tongda Technology are directly or indirectly controlled by the Parent, the acquisitions are regarded as common control combinations and are accounted for using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The financial results, assets and liabilities of the BBMT Group are included in the Financial Information since the beginning of the earliest period presented. The consideration payable by the Group to the Parent for the acquisition of the BBMT Group is accounted for as a deemed distribution to the Parent in 2007. Tongda Refractory and Dachang BBMG were subsidiaries established by the Parent during the year ended 31 December 2006 and 2007, respectively. The Financial Information has been presented as if Tongda Refractory and Dachang BBMG had been included in the Group upon their incorporation and the net asset values of Tongda Refractory and Dachang BBMG as at their respective dates of incorporation are accounted for as contributions from the Parent. The considerations payable by the Group to the Parent for the acquisitions of Tongda Refractory and Dachang BBMG are accounted for as deemed distributions to the Parent in 2006 and 2007, respectively. The Parent acquired 75% equity interest in Gongyi Tongda Technology in October 2007. The Financial Information has been presented as if Gongyi Tongda Technology had been included in the Group when Gongyi Tongda Technology was first came under the control of the Parent in 2007 and the consideration payable by the Parent is accounted for as a contribution from the Parent. The consideration payable by the Group to the Parent for the acquisition of Gongyi Tongda Technology is accounted for as a deemed distribution to the Parent in 2008.

2.2 The Financial Information also includes the financial results, assets and liabilities of the Transferred Out Entities up to the effective date of the disposal in December 2007, as detailed in note 1.2(b) above. The financial results of the Transferred Out Entities during the Relevant Periods up to December 2007 represent the normal operating results of the Transferred Out Entities arising from their normal businesses.

2.3 The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information has been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.4 As at 31 March 2009, the current liabilities of the Group and the Company exceeded its current assets by approximately RMB1,588,495,000 and RMB2,642,636,000 respectively. Taking into account the corporate bond issued by the Company of approximately RMB1,900,000,000 on 27 April 2009 and the existing banking facilities available to the Group as at 31 March 2009, the directors of the Company considered that the Group will have sufficient financial resources to finance its operations in the foreseeable future and have prepared the Financial Information and the HKFRS Financial Statements on a going concern basis notwithstanding the net current liabilities position.

3.1 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of HKFRSs* [1]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items* [1]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives* [2]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* [3]

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs* in May 2009 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Improvements to HKFRSs issued in May 2009 contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, Appendix to HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for annual periods beginning on or after 1 July 2009 and no transitional provisions for amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods ending on or after 30 June 2009
3 Effective for transfers of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, the other new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting. The purchase method of accounting is used to account for the acquisitions of subsidiaries not under common control.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The purchase method of accounting involves allocating the cost of a business combination to the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured at the aggregate fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Under the purchase method of accounting, the results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisitions of minority interests are accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction.

All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group/Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group/Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group/Company holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statements and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of investments

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of associates, after reassessment, is recognised immediately in the income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 20%
Plant and machinery	3% to 33%
Furniture, fixtures and office equipment	6% to 50%
Motor vehicles	8% to 33%
Leasehold improvements	Over the shorter of the lease terms and 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and other assets under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed. The Group has concluded that the fair value of its investment properties under construction cannot be measured reasonably, therefore, the Group's investment properties under construction continue to be measured at cost until construction is completed.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year/period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year/period of the retirement or disposal.

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the income statement.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives, including trademarks, are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the straight-line basis over their estimated useful lives of 2 to 10 years.

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Others
Others include purchased patents and licences which are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 15 years.

Mining rights
Mining rights are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised over the shorter of the unexpired periods of the rights on the straight-line basis or the estimated useful lives of the mines in accordance with the production plans of the entities concerned and the estimated reserves of the mines on the units of production method.

Operating leases
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets
The Group's financial assets in the scope of HKAS 39 are classified as loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host when the analysis shows that the economic characteristics and risks of the embedded derivative is not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the reporting date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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 assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in the other category. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. A provision for impairment is made for an available-for-sale equity investment when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

➢ the rights to receive cash flows from the asset have expired;

➢ the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

➢ the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables, an amount due to the Parent and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the reporting date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the reporting date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from 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 the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from 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 the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grant is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, which is when the construction work has been completed and the properties have been delivered to the buyer. Deposits and instalments received in respect of properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities;

(c) from the rendering of services, when such services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the entity;

(d) rental income, on a time proportion basis over the lease terms;

(e) property management income, when the related management services have been provided;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(g) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

The Group implemented a pension annuity plan pursuant to which the Group pays contributions to the plan regularly and the Group has no further obligation thereto once the required contribution has been made. The contributions are recognised as employee benefit expense when incurred.

The Group also provided supplementary pension subsidies to retired employees in the PRC during the Relevant Periods. Such supplementary pension subsidies are considered to be defined benefit plans as they oblige the Group to provide post-employment benefits to set amounts of employees. The benefits are unfunded. The liability recognised in the consolidated statement of financial position in respect of these defined benefit plans is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have maturity 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 the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to the income statement over the employees' expected average remaining working lives. As detailed in note 32 below, the Group terminated the supplementary pension subsidies attributed to employees who retire after 31 December 2007.

Termination and early retirement benefits

Termination and early retirement benefits are payable whenever an employee's employment is terminated involuntarily before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for the benefits. The Group recognises termination and early retirement benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. The specific terms vary among the terminated and early retired employees depending on various factors including position, length of service and district of the employee concerned. Benefits falling due more than twelve months after the reporting date are discounted to present value.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 5.4% and 7.6% has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the reporting date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Operating lease commitments — Group as lessor

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by the management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at the lower of cost and net realisable value, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties and are subject to revaluation at each reporting date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

PRC land appreciation tax

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

Income tax

The Group is subject to income taxes in various regions. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related polices are required in determining the provision of corporate income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact the corporate income tax and tax provisions in the period in which the differences are realised.

Deferred tax assets

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

Fair value of investment properties

Investment properties are revalued at the reporting date on a market value, existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current market rentals for similar properties is considered and assumptions that are mainly based on market conditions existing at the reporting date are used.

Impairment of non-financial assets

The Group assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2006, 2007 and 2008, and 31 March 2009 were RMB23,777,000, RMB99,171,000 and RMB99,171,000, RMB99,171,000, respectively. More details are given in note 16.

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development 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 costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate. 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 cost 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.

Impairment provision of trade and other receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and aging analysis of the outstanding receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Provision for obsolete inventories

Management reviews the ageing analysis of inventories of the Group at each reporting date, and makes provision for obsolete and slow moving inventory items identified that no longer suitable for sale. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions.

Retirement benefits

The Group establishes liabilities in connection with benefits paid to certain retired and early retired employees. The amounts of employee benefit expenses and liabilities are determined using actuarial valuations, which are calculated by independent valuation professionals who will 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 the long term nature of these plans, such estimates are subject to significant uncertainty.

5. SEGMENT INFORMATION

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

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

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

(c) the property development segment engages in real estate development; and

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and interest income) and income taxes are managed on a group basis and are not allocated to operating segments.

Intersegment revenues are eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Group's revenue from external customers is derived solely from its operations in the PRC, and no non-current assets of the Group are located outside the PRC.

During the Relevant Periods, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Segment information for the year ended 31 December 2006

	Cement	Modern building materials	Property development	Property investment and management	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:						
External customers	1,994,290	1,910,675	2,154,464	552,916	—	6,612,345
Intersegment	7,225	11,113	1,283	5	(19,626)	—
Total revenue	2,001,515	1,921,788	2,155,747	552,921	(19,626)	6,612,345
Segment profit	141,278	106,206	333,013	565,717	—	1,146,214
Interest income						7,795
Corporate and unallocated expenses, net						(141,416)
Finance costs						(121,005)
Profit before tax						891,588
Total assets:						
Segment assets	2,439,790	3,329,128	3,932,387	6,787,106	(1,880,775)	14,607,636
Unallocated assets:						
Available-for-sale investments						11,161
Deferred tax assets						76,970
Taxes recoverable						3,733
Restricted cash						86,015
Cash and cash equivalents						1,497,611
Other corporate assets						927,283
Total assets						17,210,409
Share of profits and losses of jointly-controlled entities	—	521	(541)	—	—	(20)
Share of profits and losses of associates	—	296	—	(55)	—	241
Fair value gains on investment properties, net	—	6,803	2,501	420,170	—	429,474
Impairment losses recognised/(reversed) in the consolidated income statement, net	10,366	3,590	—	(84)	—	13,872
Depreciation and amortisation	74,832	77,389	4,954	60,325	—	217,500
Interests in associates	—	327,667	—	240	—	327,907
Interests in jointly-controlled entities	—	22,838	179,459	—	—	202,297
Capital expenditure (note)	152,794	174,282	17,917	455,853	—	800,846

Note: Capital expenditure consists of additions of property, plant and equipment, land use rights, mining rights, other intangible assets and investment properties.

Segment information for the year ended 31 December 2007

	Cement	Modern building materials	Property development	Property investment and management	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:						
External customers	2,744,152	2,557,875	2,108,919	669,514	—	8,080,460
Intersegment	1,643	6,154	305,941	1,541	(315,279)	—
Total revenue	2,745,795	2,564,029	2,414,860	671,055	(315,279)	8,080,460
Segment profit	279,017	118,781	392,544	540,406	(69,537)	1,261,211
Interest income						11,638
Corporate and unallocated expenses, net						(151,705)
Finance costs						(261,851)
Profit before tax						859,293
Total assets:						
Segment assets	4,617,526	3,488,325	6,919,195	6,666,498	(2,719,533)	18,972,011
Unallocated assets:						
Available-for-sale investments						12,455
Deferred tax assets						84,394
Taxes recoverable						16,554
Restricted cash						92,331
Cash and cash equivalents						1,666,587
Other corporate assets						752,385
Total assets						21,596,717
Share of profits and losses of jointly-controlled entities	—	(4,971)	(609)	—	—	(5,580)
Share of profits and losses of associates	—	(810)	76	(505)	—	(1,239)
Fair value gains on investment properties, net	—	7,558	18,783	363,495	—	389,836
Impairment losses recognised/(reversed) in the consolidated income statement, net	20,349	1,456	—	(78)	—	21,727
Depreciation and amortisation	126,692	80,842	6,057	50,657	—	264,248
Interests in associates	23,300	304,624	—	316	—	328,240
Interests in jointly-controlled entities	—	36,246	141,360	—	—	177,606
Capital expenditure (note)	320,923	194,959	6,108	259,041	—	781,031

Note: Capital expenditure consists of additions of property, plant and equipment, land use rights, mining rights, other intangible assets and investment properties.

Segment information for the year ended 31 December 2008

	Cement	Modern building materials	Property development	Property investment and management	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:						
External customers	3,279,909	2,678,252	1,968,332	624,163	—	8,550,656
Intersegment	34,880	23,465	—	5,957	(64,302)	—
Total revenue	3,314,789	2,701,717	1,968,332	630,120	(64,302)	8,550,656
Segment profit	447,091	148,975	523,819	1,127,761	3,145	2,250,791
Interest income						18,770
Corporate and unallocated expenses, net						(133,833)
Finance costs						(228,352)
Profit before tax						1,907,376
Total assets:						
Segment assets	5,227,008	4,544,569	8,105,131	8,708,594	(4,162,062)	22,423,240
Unallocated assets:						
Available-for-sale investments						14,985
Deferred tax assets						119,199
Taxes recoverable						20,953
Restricted cash						135,753
Cash and cash equivalents						1,881,897
Other corporate assets						796,614
Total assets						25,392,641
Share of profits and losses of jointly-controlled entities	—	(1,621)	(15,210)	—	—	(16,831)
Share of profits and losses of associates	3,122	(19,939)	(745)	—	—	(17,562)
Fair value gains on investment properties, net	—	23,588	(16,974)	904,252	—	910,866
Impairment losses recognised/(reversed) in the consolidated income statement	32,102	—	(643)	—	—	31,459
Depreciation and amortisation	165,359	79,558	5,991	47,770	—	298,678
Interests in associates	462,777	331,240	—	1,220	—	795,237
Interests in jointly-controlled entities	—	118,256	136,150	—	—	254,406
Capital expenditure (note)	595,550	618,717	6,886	1,368,954	—	2,590,107

Note: Capital expenditure consists of additions of property, plant and equipment, land use rights, mining rights, other intangible assets and investment properties.

Segment information for the three-month period ended 31 March 2008

	Cement	Modern buildings materials	Property development	Property investment and management	Eliminations	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue:						
External customers	637,334	624,684	728,654	159,093	—	2,149,765
Intersegment	2,933	1,211	—	16	(4,160)	—
Total revenue	640,267	625,895	728,654	159,109	(4,160)	2,149,765
Segment profit	69,088	33,653	150,283	113,075	—	366,099
Interest income						6,394
Corporate and unallocated expenses, net						(45,512)
Finance costs						(74,430)
Profit before tax						252,551
Share of profits and losses of jointly-controlled entities	—	25	(1,402)	—	—	(1,377)
Share of profits and losses of associates	(1,393)	(3,718)	—	—	—	(5,111)
Fair value gains on investment properties, net	—	627	1,236	52,121	—	53,984
Impairment losses recognised in the consolidated income statement, net	4,548	—	84	—	—	4,632
Depreciation and amortisation	31,901	11,801	1,760	12,655	—	58,117
Capital expenditure (note)	62,805	8,962	741	87,582	—	160,090

Note: Capital expenditure consists of additions of property, plant and equipment, land use rights, mining rights, other intangible assets and investment properties.

Segment information for the three-month period ended 31 March 2009

	Cement	Modern buildings materials	Property development	Property investment and management	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue:						
External customers	833,650	553,390	614,603	162,543	—	2,164,186
Intersegment	—	4,673	—	430	(5,103)	—
Total revenue	833,650	558,063	614,603	162,973	(5,103)	2,164,186
Segment profit	112,120	36,378	133,201	19,529	12,120	313,348
Interest income						2,534
Corporate and unallocated expenses, net						(47,272)
Finance costs						(50,272)
Profit before tax						218,338
Total assets:						
Segment assets	5,596,684	4,643,281	8,458,103	8,922,794	(4,368,763)	23,252,099
Unallocated assets:						
Available-for-sale investments						14,985
Deferred tax assets						120,816
Taxes recoverable						17,774
Restricted cash						123,954
Cash and cash equivalents						1,733,185
Other corporate assets						632,929
Total assets						25,895,742
Share of profits and losses of jointly-controlled entities	—	(1,047)	(2,218)	—	—	(3,265)
Share of profits and losses of associates	1,100	(9,593)	(143)	—	—	(8,636)
Fair value losses on investment properties, net	—	(1,340)	(310)	(24,706)	—	(26,356)
Impairment losses recognised/ (reversed) in the consolidated income statement, net	2,186	(887)	—	—	—	1,299
Depreciation and amortisation	43,734	21,948	1,175	13,511	—	80,368
Interests in associates	459,805	325,720	—	1,076	—	786,601
Interests in jointly-controlled entities	—	115,803	133,932	—	—	249,735
Capital expenditure (note)	195,217	91,093	303	58,562	—	345,175

Note: Capital expenditure consists of additions of property, plant and equipment, land use rights, mining rights, other intangible assets and investment properties.

6. REVENUE, OTHER REVENUE, INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; the gross proceeds, net of business tax, from the sale of properties; the value of services rendered; gross rental income received and receivable from investment properties (net of business tax); and property management income (net of business tax) during the Relevant Periods.

An analysis of the Group's revenue, other revenue, income and gains is as follows:

	Notes	Year ended 31 December 2006	Year ended 31 December 2007	Year ended 31 December 2008	Three-month period ended 31 March 2008	Three-month period ended 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue						
Sale of goods		3,552,100	4,695,127	5,652,170	1,170,786	1,320,929
Sale of properties		2,154,464	1,984,960	1,889,868	702,988	606,084
Gross rental income from investment properties		206,743	250,860	296,744	78,286	77,528
Property management fees		131,472	165,486	169,559	41,065	43,342
Rendering of services		284,394	460,776	134,746	21,821	28,848
Income from processing industrial waste		49,704	102,579	124,542	52,341	22,734
Hotel operations		88,876	108,314	124,982	28,411	32,628
Others		144,592	312,358	158,045	54,067	32,093
		6,612,345	8,080,460	8,550,656	2,149,765	2,164,186
Other revenue, income and gains						
Gross rental income from lease of plant and machinery		103,419	74,145	53,606	31,949	14,747
Gain on disposals of subsidiaries	38	2,814	—	—	—	—
Gain on disposals of items of property, plant and equipment		5,080	6,845	14,105	3,481	537
Bank interest income		7,795	11,638	18,770	6,394	2,534
Interest income received from jointly-controlled entities		—	11,377	27,773	8,553	4,936
Relocation compensation		54,044	46,784	29,367	—	—
Government grants (note)						
— Recognition of deferred income	33	13,591	10,288	18,503	2,348	3,235
— Value-added tax refund		99,174	135,361	191,837	15,909	36,277
Service fee income		22,993	32,264	30,610	4,893	7,943
Others		79,281	64,407	188,025	16,212	11,335
		388,191	393,109	572,596	89,739	81,544

Note: There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December			Three-month period ended 31 March	
	Notes	2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold		4,921,654	5,889,901	5,741,117	1,517,165	1,468,776
Cost of services provided		451,760	592,000	697,528	126,160	143,905
Depreciation	13	205,844	250,378	276,191	54,074	73,142
Impairment of items of property, plant and equipment	13	3,418	—	2,149	—	—
Amortisation of land use rights	15	11,010	11,891	18,568	3,373	6,191
Amortisation of other intangible assets*	17	646	808	1,378	196	213
Amortisation of mining rights	18	—	1,171	2,541	474	822
Research and development costs		40,834	57,269	63,232	14,376	13,130
Impairment of trade receivables, net**	24	10,454	21,727	29,310	4,632	1,299
Loss/(gain) on disposals of items of property, plant and equipment, net		(969)	881	1,616	(3,481)	(332)
Loss/(gain) on disposals of subsidiaries	38	(2,814)	—	3,272	—	—
Minimum lease payments under operating leases:						
Plant and machinery		23,981	20,217	46,773	7,117	13,462
Land and buildings		25,878	36,040	47,486	12,348	11,431
		49,859	56,257	94,259	19,465	24,893
Auditors' remuneration		3,986	6,472	7,707	3,018	2,353
Employee benefit expense (including directors' and supervisors' remuneration — note 9):						
Wages and salaries		383,672	477,972	528,466	129,715	144,366
Pension schemes contributions (defined contribution schemes)***		84,069	111,286	120,699	26,373	29,847
Supplementary pension subsidies and early retirement benefits	32	36,558	37,282	18,864	7,299	9,555
Welfare and other expenses		88,757	70,052	71,348	14,941	14,361
		593,056	696,592	739,377	178,328	198,129
Foreign exchange differences, net		1,621	1,758	1,820	26	190
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		41,631	36,869	37,973	5,021	7,683

* The amortisation of other intangible assets for the year/period are included in "Administrative expenses" on the face of the consolidated income statements.

** The impairment of trade receivables is included in "Other operating expenses, net" on the face of the consolidated income statements.

*** There were no forfeited contributions during the Relevant Periods. As at 31 December 2006, 2007, 2008 and 31 March 2009, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

8. FINANCE COSTS

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank loans	172,772	316,676	473,321	124,681	112,449
Interest on loans from the Parent	—	10,872	—	—	—
Less: Interest capitalised	(51,767)	(65,697)	(244,969)	(50,251)	(62,177)
	121,005	261,851	228,352	74,430	50,272

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and supervisors' remuneration

The aggregate amount of remuneration of the directors and supervisors of the Company during the Relevant Periods is as follows:

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	1,583	1,712	1,666	252	338
Discretionary bonus	1,915	2,348	2,578	222	243
Pension schemes contributions	79	121	135	34	35
	3,577	4,181	4,379	508	616

The remuneration of each of the directors and supervisors for the year ended 31 December 2006 is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Pension schemes contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Mr. Wang Dong	—	207	187	9	403
Mr. Chen Zhida	—	195	199	9	403
Mr. Duan Jianguo	—	129	255	9	393
Mr. Wang Jianguo	—	129	259	9	397
Mr. Shi Xijun	—	111	253	9	373
Ms. Zhang Xiurong	—	123	260	9	392
Mr. Tan Zhongming	—	60	—	—	60
Mr. Chen Changying	—	60	—	—	60
Mr. Hu Jingshan	—	60	—	—	60
Mr. Yang Xiaofeng	—	60	—	—	60
Mr. Zhou Yuxian	—	60	—	—	60
Supervisors					
Mr. Wang Xiaoqun	—	111	257	9	377
Ms. Xu Weibing	—	30	—	—	30
Ms. Fan Xiaolan	—	117	66	8	191
Ms. Yin Xin	—	30	—	—	30
Mr. Wang Youbin	—	101	179	8	288
	—	1,583	1,915	79	3,577

The remuneration of each of the directors and supervisors for the year ended 31 December 2007 is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Pension schemes contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Mr. Wang Dong	—	202	266	14	482
Mr. Jiang Weiping	—	127	344	14	485
Mr. Duan Jianguo	—	124	312	14	450
Mr. Wang Jianguo	—	124	312	14	450
Mr. Shi Xijun	—	106	281	14	401
Ms. Zhang Xiurong	—	123	288	9	420
Mr. Tan Zhongming	—	80	—	—	80
Mr. Chen Changying	—	80	—	—	80
Mr. Hu Jingshan	—	80	—	—	80
Mr. Yang Xiaofeng	—	80	—	—	80
Mr. Zhou Yuxian	—	80	—	—	80
Mr. Jin Leyong	—	80	—	—	80
Supervisors					
Mr. Wang Xiaoqun	—	106	304	14	424
Ms. Xu Weibing	—	50	—	—	50
Ms. Fan Xiaolan	—	115	66	14	195
Ms. Yin Xin	—	50	—	—	50
Mr. Wang Youbin	—	105	175	14	294
	—	1,712	2,348	121	4,181

The remuneration of each of the directors and supervisors for the year ended 31 December 2008 is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Pension schemes contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Mr. Jiang Weiping	—	196	289	15	500
Mr. Li Changli	—	171	305	15	491
Mr. Duan Jianguo	—	156	327	15	498
Mr. Wang Jianguo	—	155	328	15	498
Mr. Shi Xijun	—	144	327	15	486
Mr. Zhao Jifeng	—	133	328	15	476
Mr. Zhou Yuxian	—	80	—	—	80
Mr. Hu Zhaoguang	—	25	—	—	25
Mr. Zhang Chengfu	—	50	—	—	50
Mr. Xu Yongmo	—	50	—	—	50
Supervisors					
Mr. Wang Xiaoqun	—	133	328	15	476
Mr. Chen Changying	—	80	—	—	80
Mr. Hu Jingshan	—	80	—	—	80
Mr. Zhang Jie	—	25	—	—	25
Ms. Hong Ye	—	—	—	—	—
Ms. Fan Xiaolan	—	87	161	15	263
Mr. Wang Youbin	—	101	185	15	301
	—	1,666	2,578	135	4,379

The remuneration of each of the directors and supervisors for the three-month period ended 31 March 2008 is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Pension schemes contributions	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Directors					
Mr. Jiang Weiping	—	35	23	4	62
Mr. Li Changli	—	27	29	4	60
Mr. Duan Jianguo	—	33	35	4	72
Mr. Wang Jianguo	—	32	35	4	71
Mr. Shi Xijun	—	27	30	4	61
Mr. Zhao Jifeng	—	27	29	4	60
Mr. Zhou Yuxian	—	—	—	—	—
Mr. Hu Zhaoguang	—	—	—	—	—
Mr. Zhang Chengfu	—	—	—	—	—
Mr. Xu Yongmo	—	—	—	—	—
Mr. Ye Weiming	—	—	—	—	—
Supervisors					
Mr. Wang Xiaoqun	—	29	29	4	62
Mr. Chen Changying	—	—	—	—	—
Mr. Hu Jingshan	—	—	—	—	—
Mr. Zhang Jie	—	—	—	—	—
Ms. Hong Ye	—	—	—	—	—
Ms. Fan Xiaofan	—	16	12	4	32
Mr. Wang Youbin	—	26	—	2	28
	—	252	222	34	508

The remuneration of each of the directors and supervisors for the three-month period ended 31 March 2009 is set out below:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonus	Pension schemes contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Mr. Jiang Weiping	—	57	18	4	79
Mr. Li Changli	—	51	18	4	73
Mr. Duan Jianguo	—	40	42	4	86
Mr. Wang Jianguo	—	40	42	4	86
Mr. Shi Xijun	—	38	41	4	83
Mr. Zhao Jifeng	—	32	33	4	69
Mr. Zhou Yuxian	—	—	—	—	—
Mr. Hu Zhaoguang	—	—	—	—	—
Mr. Zhang Chengfu	—	—	—	—	—
Mr. Xu Yongmo	—	—	—	—	—
Mr. Ye Weiming	—	—	—	—	—
Supervisors					
Mr. Wang Xiaoqun	—	35	33	3	71
Mr. Chen Changying	—	—	—	—	—
Mr. Hu Jingshan	—	—	—	—	—
Mr. Zhang Jie	—	—	—	—	—
Ms. Hong Ye	—	—	—	—	—
Ms. Fan Xiaofan	—	21	16	4	41
Mr. Wang Youbin	—	24	—	4	28
	—	338	243	35	616

(b) Five highest paid employees

An analysis of the five highest paid employees within the Group during the Relevant Periods is as follows:

	Number of employees				
	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
				(unaudited)	
Directors and supervisors	—	—	—	—	—
Non-director and non-supervisor employees	5	5	5	5	5
	5	5	5	5	5

Details of the remuneration of the above non-director and non-supervisor, highest paid employees are as follows:

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	729	741	810	213	208
Discretionary bonus	1,586	1,748	1,793	—	—
Retirement benefit scheme contributions	39	69	76	11	13
	2,354	2,558	2,679	224	221

The number of non-director and non-supervisor, highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees				
	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
				(unaudited)	
Nil to HK$1,000,000	5	5	5	5	5

During the Relevant Periods, no directors, supervisors or any of the non-director and non-supervisor highest paid individuals waived or agreed to waive any emoluments and no emoluments were paid by the Group to the directors, supervisors or any of the non-director and non-supervisor, highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. TAX

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current					
PRC corporate income tax ("CIT")	142,990	193,197	223,274	47,903	64,177
PRC land appreciation tax ("LAT")	28,118	21,658	105,702	26,924	10,687
	171,108	214,855	328,976	74,827	74,864
Deferred (note 31)	183,710	(49,322)	192,389	10,662	(6,269)
Total tax charge for the year/period	354,818	165,533	521,365	85,489	68,595

A reconciliation of the tax expense applicable to profit before tax using the statutory tax rate to the tax expense at the effective tax rate for each of the Relevant Periods is as follows:

		Year ended 31 December			Three-month period ended 31 March	
	Note	2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax		891,588	859,293	1,907,376	252,551	218,338
Tax at the statutory income tax rate of 33% for the years ended 31 December 2006 and 2007; 25% for the year ended 31 December 2008, three-month periods ended 31 March 2008 and 2009		294,224	283,567	476,844	63,138	54,585
Income not subject to tax		(15,544)	(13,010)	(18,106)	(823)	(898)
Expenses not deductible for tax		61,748	86,515	10,203	2,652	3,661
Effect of tax concession for certain subsidiaries		(14,607)	(31,444)	(35,876)	(14,118)	(3,965)
Profits and losses attributable to jointly-controlled entities and associates		(73)	2,250	8,598	1,622	2,975
Effect of lower enacted tax rate used for the recognition of deferred tax		—	(30,794)	—	—	—
Effect on opening deferred tax due to a decrease in tax rates	31	—	(145,551)	—	—	—
Tax losses utilised from previous periods		(313)	(511)	(556)	—	—
Tax losses not recognised		10,544	—	981	12,825	4,222
Land appreciation tax		28,118	21,658	105,702	26,924	10,687
Effect of land appreciation tax		(9,279)	(7,147)	(26,425)	(6,731)	(2,672)
Tax charge at the Group's effective rate		354,818	165,533	521,365	85,489	68,595

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the Relevant Periods.

PRC corporate income tax

The PRC corporate income tax in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for each of the Relevant Periods, based on the existing legislation, interpretations and practices in respect thereof.

The share of tax attributable to jointly-controlled entities amounting to RMB242,000, RMB360,000, RMB3,788,000 (tax credit), RMB353,000 (tax credit) (unaudited) and RMB394,000 (tax credit) for the years ended 31 December 2006, 2007, 2008 and three-month periods ended 31 March 2008 and 2009, respectively, are included in "Share of profits and losses of jointly-controlled entities" on the face of the consolidated income statements.

The share of tax attributable to associates amounting to RMB1,960,000, RMB2,735,000, RMB6,077,000, RMB471,000 (unaudited) and RMB402,000 for the years ended 31 December 2006, 2007, 2008 and three-month periods ended 31 March 2008 and 2009, respectively, are included in "Share of profits and losses of associates" on the face of the consolidated income statements.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 50% on the appreciation of the land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

11. DIVIDEND

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Proposed final dividend of the Company (2008: RMB4 cents; 2007: RMB6 cents; 2006: RMB3 cents) per ordinary share	54,330	112,689	112,000	—	—

The directors of the Company confirmed that the dividend payable as at 31 March 2009 will be settled before the listing of the Company.

The proposed final dividend of 2008 has been approved by the shareholders on 28 April 2009.

12. EARNINGS PER SHARE

The calculation of basic earnings per share for each of the Relevant Periods is based on the profit attributable to owners of the Company for each of the Relevant Periods and the weighted average number of ordinary shares of the Company in issue during each of the Relevant Periods.

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Earnings					
Profit attributable to owners of the Company used in the basic earnings per share calculation	494,192	643,588	1,320,816	157,076	141,775

	Number of Shares				
	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
				(unaudited)	
Shares					
Weighted average number of ordinary shares of the Company in issue during the Relevant Periods used in the basic earnings per share calculation	1.6 billion	1.8 billion	2.2 billion	1.8 billion	2.8 billion

No diluted earnings per share has been presented as the Company did not have any dilutive potential ordinary shares during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006, net of accumulated depreciation and impairment	1,378,305	680,721	106,864	81,312	26,142	356,019	2,629,363
Additions	66,229	140,038	11,765	42,191	—	214,620	474,843
Transfers	206,280	119,267	3,641	—	—	(329,188)	—
Disposals	(17,878)	(3,824)	(7,629)	(3,985)	—	—	(33,316)
Depreciation	(64,996)	(93,959)	(18,012)	(28,327)	(550)	—	(205,844)
Impairment charge	(40)	(2,997)	—	(381)	—	—	(3,418)
Acquisition of subsidiaries (note 37)	—	3,089	—	183	—	—	3,272
Disposals of subsidiaries (note 38)	—	—	(621)	—	—	—	(621)
At 31 December 2006 and 1 January 2007, net of accumulated depreciation and impairment	1,567,900	842,335	96,008	90,993	25,592	241,451	2,864,279
Additions	124,288	113,132	12,057	66,959	—	254,634	571,070
Transfers	90,558	87,738	17,297	223	—	(195,816)	—
Disposals	(74,836)	(40,833)	(1,583)	(4,148)	—	—	(121,400)
Depreciation	(77,504)	(126,315)	(24,342)	(21,666)	(551)	—	(250,378)
Acquisition of subsidiaries (note 37)	519,255	680,272	1,920	13,498	—	149,304	1,364,249
Disposals of subsidiaries (note 38)	(487,214)	(179,292)	(7,338)	(9,807)	—	(52,899)	(736,550)
At 31 December 2007 and 1 January 2008, net of accumulated depreciation and impairment	1,662,447	1,377,037	94,019	136,052	25,041	396,674	3,691,270
Additions	101,243	61,456	12,569	51,023	—	735,785	962,076
Transfers	257,297	174,371	44,238	4,364	—	(480,270)	—
Disposals	(34,371)	(117,146)	(1,076)	(11,558)	—	(191)	(164,342)
Depreciation	(74,989)	(157,599)	(23,208)	(19,845)	(550)	—	(276,191)
Impairment charge	(110)	—	(38)	(2,001)	—	—	(2,149)
Acquisition of subsidiaries (note 37)	1,953	21,819	1,002	694	—	—	25,468
Disposals of subsidiaries (note 38)	—	(1,732)	(79)	(677)	—	—	(2,488)
At 31 December 2008 and 1 January 2009, net of accumulated depreciation and impairment	1,913,470	1,358,206	127,427	158,052	24,491	651,998	4,233,644
Additions	5,235	6,142	1,693	7,185	—	276,805	297,060
Transfers	—	1,981	—	—	—	(1,981)	—
Disposals	(1,355)	(2,859)	(360)	(1,059)	—	—	(5,633)
Depreciation	(21,271)	(40,750)	(5,346)	(5,637)	(138)	—	(73,142)
At 31 March 2009, net of accumulated depreciation and impairment	1,896,079	1,322,720	123,414	158,541	24,353	926,822	4,451,929

Group

	Buildings	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006							
Cost	1,888,918	1,456,829	256,748	190,716	26,692	356,019	4,175,922
Accumulated depreciation and impairment	(510,613)	(776,108)	(149,884)	(109,404)	(550)	—	(1,546,559)
Net carrying amount	1,378,305	680,721	106,864	81,312	26,142	356,019	2,629,363
At 31 December 2006 and 1 January 2007							
Cost	2,125,758	1,697,408	204,103	217,251	26,692	241,451	4,512,663
Accumulated depreciation and impairment	(557,858)	(855,073)	(108,095)	(126,258)	(1,100)	—	(1,648,384)
Net carrying amount	1,567,900	842,335	96,008	90,993	25,592	241,451	2,864,279
At 31 December 2007 and 1 January 2008							
Cost	2,095,854	2,275,571	189,049	260,986	26,692	396,674	5,244,826
Accumulated depreciation and impairment	(433,407)	(898,534)	(95,030)	(124,934)	(1,651)	—	(1,553,556)
Net carrying amount	1,662,447	1,377,037	94,019	136,052	25,041	396,674	3,691,270
At 31 December 2008 and 1 January 2009							
Cost	2,405,078	2,446,051	223,161	273,652	26,692	651,998	6,026,632
Accumulated depreciation and impairment	(491,608)	(1,087,845)	(95,734)	(115,600)	(2,201)	—	(1,792,988)
Net carrying amount	1,913,470	1,358,206	127,427	158,052	24,491	651,998	4,233,644
At 31 March 2009							
Cost	2,420,794	2,438,805	217,303	278,766	26,692	926,822	6,309,182
Accumulated depreciation and impairment	(524,715)	(1,116,085)	(93,889)	(120,225)	(2,339)	—	(1,857,253)
Net carrying amount	1,896,079	1,322,720	123,414	158,541	24,353	926,822	4,451,929

Company

	Buildings	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006, net of accumulated depreciation	31,008	3,647	1,295	5,945	7,198	49,093
Additions	17,155	358	1,501	2,106	—	21,120
Transfers	2,678	—	—	—	(2,678)	—
Disposals	—	—	(20)	—	—	(20)
Depreciation	(927)	(338)	(501)	(861)	—	(2,627)
At 31 December 2006 and 1 January 2007, net of accumulated depreciation	49,914	3,667	2,275	7,190	4,520	67,566
Additions	3,791	12	4,388	3,050	1,443	12,684
Disposals	—	—	—	—	(4,520)	(4,520)
Depreciation	(4,265)	(320)	(1,406)	(1,087)	—	(7,078)
At 31 December 2007 and 1 January 2008, net of accumulated depreciation	49,440	3,359	5,257	9,153	1,443	68,652
Additions	150,439	26,338	2,182	3,587	1,157	183,703
Transfers	1,332	—	—	—	(1,332)	—
Disposals	(20,356)	—	—	(214)	—	(20,570)
Depreciation	(6,366)	(601)	(1,053)	(1,227)	—	(9,247)
At 31 December 2008 and 1 January 2009, net of accumulated depreciation	174,489	29,096	6,386	11,299	1,268	222,538
Additions	—	—	23	—	—	23
Disposals	—	—	—	(286)	—	(286)
Depreciation	(2,640)	(2,344)	(164)	(362)	—	(5,510)
At 31 March 2009, net of accumulated depreciation	171,849	26,752	6,245	10,651	1,268	216,765
At 1 January 2006						
Cost	36,656	4,055	1,924	9,655	7,198	59,488
Accumulated depreciation	(5,648)	(408)	(629)	(3,710)	—	(10,395)
Net carrying amount	31,008	3,647	1,295	5,945	7,198	49,093
At 31 December 2006 and 1 January 2007						
Cost	56,489	4,413	3,403	11,897	4,520	80,722
Accumulated depreciation	(6,575)	(746)	(1,128)	(4,707)	—	(13,156)
Net carrying amount	49,914	3,667	2,275	7,190	4,520	67,566
At 31 December 2007 and 1 January 2008						
Cost	59,953	4,425	7,791	13,306	1,443	86,918
Accumulated depreciation	(10,513)	(1,066)	(2,534)	(4,153)	—	(18,266)
Net carrying amount	49,440	3,359	5,257	9,153	1,443	68,652
At 31 December 2008 and 1 January 2009						
Cost	200,422	49,602	11,348	18,245	1,268	280,885
Accumulated depreciation	(25,933)	(20,506)	(4,962)	(6,946)	—	(58,347)
Net carrying amount	174,489	29,096	6,386	11,299	1,268	222,538
At 31 March 2009						
Cost	200,422	49,805	11,371	18,246	1,268	281,112
Accumulated depreciation	(28,573)	(23,053)	(5,126)	(7,595)	—	(64,347)
Net carrying amount	171,849	26,752	6,245	10,651	1,268	216,765

The Group's and the Company's certain property, plant and equipment were pledged to secure the loans granted to the Group, the Parent and an associate (note 41).

As at the date of this report, the Group and the Company are in the process of applying for or changing registration of the title certificates for certain of their buildings.

14. INVESTMENT PROPERTIES

Group

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2006	3,765,731	386,707	4,152,438
Additions	139	304,574	304,713
Transfers	53,878	(53,878)	—
Net gain from a fair value adjustment	429,474	—	429,474
At 31 December 2006 and 1 January 2007	4,249,222	637,403	4,886,625
Additions	187	207,728	207,915
Transfer from inventories	34,756	—	34,756
Net gain from a fair value adjustment	389,836	—	389,836
At 31 December 2007 and 1 January 2008	4,674,001	845,131	5,519,132
Additions	96,761	869,613	966,374
Transfer from inventories	13,115	—	13,115
Transfers	1,301,107	(1,301,107)	—
Net gain from a fair value adjustment	910,866	—	910,866
At 31 December 2008 and 1 January 2009	6,995,850	413,637	7,409,487
Additions	1,899	45,334	47,233
Transfer from inventories	7,537	—	7,537
Net loss from a fair value adjustment	(26,356)	—	(26,356)
At 31 March 2009	6,978,930	458,971	7,437,901

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Located in the PRC (excluding Hong Kong) and held under the following lease terms:				
Over 50 years	954,600	1,007,017	1,123,220	—
Between 10 and 50 years	3,932,025	4,512,115	6,286,267	7,437,901
	4,886,625	5,519,132	7,409,487	7,437,901

Company

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2006	1,283,841	—	1,283,841
Net gain from a fair value adjustment	107,262	—	107,262
At 31 December 2006 and 1 January 2007	1,391,103	—	1,391,103
Additions	302,060	—	302,060
Net gain from a fair value adjustment	189,112	—	189,112
At 31 December 2007 and 1 January 2008	1,882,275	—	1,882,275
Additions	176,843	1,276,060	1,452,903
Transfers	1,276,060	(1,276,060)	—
Net gain from a fair value adjustment	1,294,772	—	1,294,772
At 31 December 2008 and 1 January 2009	4,629,950	—	4,629,950
Net loss from a fair value adjustment	(2,550)	—	(2,550)
At 31 March 2009	4,627,400	—	4,627,400

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Located in the PRC (excluding Hong Kong) and held under the following lease terms:				
Over 50 years	—	—	—	—
Between 10 and 50 years	1,391,103	1,882,275	4,629,950	4,627,400
	1,391,103	1,882,275	4,629,950	4,627,400

The Group's completed investment properties were revalued on 31 December 2006, 2007, 2008 and 31 March 2009 by Savills Valuation and Professional Services Limited ("Savills"), independent professionally qualified valuers, at approximately RMB4,249,222,000, RMB4,674,001,000, RMB6,995,850,000 and RMB6,978,930,000, respectively, on an open market, existing use basis.

The Company's completed investment properties were revalued on 31 December 2006, 2007 and 2008 and 31 March 2009 by Savills at approximately RMB1,391,103,000, RMB1,882,275,000, RMB4,629,950,000 and RMB4,627,400,000, respectively, on an open market, existing use basis.

The Group's and the Company's certain investment properties were pledged to banks to secure the loans granted to the Group and the Parent (note 41).

Certain of the investment properties are leased to third parties under operating leases, further summary details of which are included in note 42(a). The gross rental income received and receivable by the Group and direct expenses in respect of these investment properties are summarised as follows:

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Gross rental income	206,743	250,860	296,744	78,286	77,528
Direct expenses	(41,631)	(36,869)	(37,973)	(5,021)	(7,683)
Net rental income	165,112	213,991	258,771	73,265	69,845

15. LAND USE RIGHTS

Group

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	690,810	700,368	734,506	1,351,914
Additions	20,568	—	635,976	725
Acquisitions of subsidiaries (note 37)	—	200,340	—	—
Amortisation recognised as expenses	(11,010)	(11,891)	(18,568)	(6,191)
Disposals	—	(5,766)	—	—
Disposals of subsidiaries (note 38)	—	(148,545)	—	—
At end of year/period	700,368	734,506	1,351,914	1,346,448
Current portion included in prepayments, deposits and other receivables	(11,388)	(11,388)	(23,356)	(23,853)
Non-current portion	688,980	723,118	1,328,558	1,322,595
Located in the PRC (excluding Hong Kong) and held under the following lease terms:				
Over 50 years	165,225	145,053	11,600	10,158
Between 10 and 50 years	535,143	589,453	1,340,314	1,336,290
	700,368	734,506	1,351,914	1,346,448

Company

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	353,505	345,298	337,091	345,735
Additions	—	—	41,199	—
Amortisation recognised as expenses	(8,207)	(8,207)	(8,120)	(2,048)
Disposals	—	—	(24,435)	—
At end of year/period	345,298	337,091	345,735	343,687
Current portion included in prepayments, deposits and other receivables	(7,720)	(7,720)	(7,867)	(7,867)
Non-current portion	337,578	329,371	337,868	335,820
Located in the PRC (excluding Hong Kong) and held under the following lease term: Between 10 and 50 years	345,298	337,091	345,735	343,687

The Group's and the Company's certain land use rights were pledged to banks for securing the bank loans granted to the Group and the Parent (note 41).

As at the date of this report, the Group and the Company are in the process of applying for or changing registration of the title certificates for certain of their land use rights in the PRC.

The Group and the Company are obligated to pay outstanding land premium for certain land use rights for which the Group and the Company have already obtained title certificates within one month after the listing of the Company.

16. GOODWILL

Group

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cost at beginning of year/period	23,777	23,777	99,171	99,171
Acquisitions of subsidiaries (note 37)	—	113,315	—	—
Disposals of subsidiaries (note 38)	—	(37,921)	—	—
At end of year/period	23,777	99,171	99,171	99,171

Impairment testing of goodwill

Goodwill acquired through business combination in the amount of approximately RMB95,204,000 has been allocated to the Luquan Dongfang Dingxin Cement Co., Ltd. ("Dingxin Cement") cash-generating unit, which is under the cement segment, for impairment testing.

The recoverable amount of the Dingxin Cement cash-generating unit has been determined based on a value in use calculation using cash flow projection based on financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 7.56%.

Key assumptions were used in the value in use calculation of the Dingxin Cement cash-generating unit for 31 December 2007 and 2008 and 31 March 2009. The following describes each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvements.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions reflect past experience of the management.

17. OTHER INTANGIBLE ASSETS

Group

	Computer software	Trademarks	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost at 1 January 2006, net of accumulated amortisation	2,651	—	1,841	4,492
Additions	722	—	—	722
Acquisitions of subsidiaries (note 37)	89	—	—	89
Amortisation provided during the year	(443)	—	(203)	(646)
Disposals	—	—	(128)	(128)
At 31 December 2006	3,019	—	1,510	4,529
At 31 December 2006:				
Cost	3,893	—	2,853	6,746
Accumulated amortisation	(874)	—	(1,343)	(2,217)
Net carrying amount	3,019	—	1,510	4,529
Cost at 1 January 2007, net of accumulated amortisation	3,019	—	1,510	4,529
Additions	2,046	—	—	2,046
Acquisitions of subsidiaries (note 37)	36	—	1,525	1,561
Disposals of subsidiaries (note 38)	—	—	(1,816)	(1,816)
Amortisation provided during the year	(524)	—	(284)	(808)
At 31 December 2007	4,577	—	935	5,512
At 31 December 2007:				
Cost	5,975	—	2,562	8,537
Accumulated amortisation	(1,398)	—	(1,627)	(3,025)
Net carrying amount	4,577	—	935	5,512
Cost at 1 January 2008, net of accumulated amortisation	4,577	—	935	5,512
Additions	1,461	16,670	—	18,131
Amortisation provided during the year	(791)	—	(587)	(1,378)
At 31 December 2008	5,247	16,670	348	22,265
At 31 December 2008:				
Cost	7,466	16,670	2,269	26,405
Accumulated amortisation	(2,219)	—	(1,921)	(4,140)
Net carrying amount	5,247	16,670	348	22,265
Cost at 1 January 2009, net of accumulated amortisation	5,247	16,670	348	22,265
Additions	157	—	—	157
Amortisation provided during the period	(213)	—	—	(213)
At 31 March 2009	5,191	16,670	348	22,209
At 31 March 2009:				
Cost	7,623	16,670	2,269	26,562
Accumulated amortisation	(2,432)	—	(1,921)	(4,353)
Net carrying amount	5,191	16,670	348	22,209

18. MINING RIGHTS

Group

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cost at beginning of year/period, net of accumulated amortisation	—	—	84,819	89,828
Additions	—	—	7,550	—
Acquisition of a subsidiary (note 37)	—	85,990	—	—
Amortisation provided during the year/period	—	(1,171)	(2,541)	(822)
At end of year/period	—	84,819	89,828	89,006
Cost	—	85,990	93,540	93,540
Accumulated amortisation	—	(1,171)	(3,712)	(4,534)
Net carrying amount	—	84,819	89,828	89,006

19. INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	2,644,241	4,375,292	5,436,944	5,436,944

Particulars of the principal subsidiaries are set out below:

Company name	Place and date of establishment and type of legal entity	Paid-up capital	Percentage of equity attributable to the Company — As at 31 December 2006 Direct	2006 Indirect	2007 Direct	2007 Indirect	2008 Direct	2008 Indirect	As at 31 March 2009 Direct	2009 Indirect	Principal activities
Beijing Liulihe Cement Co., Ltd. ("Liulihe Cement")[(a)(f)] (北京市琉璃河水泥有限公司)	PRC 1980.12.30 Limited liability company	RMB 330,180,752	63%	—	63%	—	100%	—	100%	—	Manufacture and sale of cement

Company name	Place and date of establishment and type of legal entity	Paid-up capital	Percentage of equity attributable to the Company								Principal activities
			As at 31 December						As at 31 March		
			2006		2007		2008		2009		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
Beijing Yanshan Cement Co., Ltd.[a][g] (北京市燕山水泥有限公司)	PRC 1959.5.1 Limited liability company	RMB 62,668,523	100%	—	—	—	—	—	—	—	Manufacture and sale of cement
BBMG Mangrove Environmental Protection Technology Co., Ltd.[a][f] (北京金隅紅樹林環保技術有限責任公司)	PRC 2005.12.13 Limited liability company	RMB 150,000,000	99%	—	100%	—	100%	—	100%	—	Hazard waste treatment
BBMG Fengshan Hot Spring Resort Co., Ltd.[a][f] (北京金隅鳳山溫泉度假村有限公司)	PRC 1996.2.14 Limited liability company	RMB 87,489,143	100%	—	100%	—	100%	—	100%	—	Hotel operation
BBMG Property Management Co., Ltd.[a][f] (北京金隅物業管理有限責任公司)	PRC 1997.10.8 Limited liability company	RMB 1,010,000	60%	40%	60%	40%	60%	40%	60%	40%	Property management
BBMG GEM Property Development Co., Ltd.[a][f] (北京金隅嘉業房地產開發有限公司)	PRC 1988.6.14 Limited liability company	RMB 1,000,000,000	100%	—	100%	—	100%	—	100%	—	Property development
BBMG Century City Property Development Co., Ltd.[a][f] (北京金隅世紀城房地產開發有限公司)	PRC 2002.1.21 Limited liability company	RMB 29,980,000	80%	20%	80%	20%	80%	20%	80%	20%	Property development
Beijing Gaoling Property Development Co., Ltd. ("Gaoling")[a][f] (北京高嶺房地產開發有限公司)	PRC 1994.1.18 Limited liability company	RMB 100,000,000	75%	—	75%	—	100%	—	100%	—	Property development
Beijing Jianhong Property Development Co., Ltd. ("Jianhong")[a][f] (北京建宏房地產開發有限公司)	PRC 1993.2.11 Limited liability company	RMB 100,425,298	75%	—	75%	—	100%	—	100%	—	Property development
Beijing Tiantan Corporation[a][f] (北京天壇股份有限公司)	PRC 1999.12.28 Limited liability company	RMB 87,094,469	84%	—	84%	—	93%	—	93%	—	Manufacture and sale of furniture
Beijing Tiantan Allied Industrial Development Co., Ltd.[a][f] (北京天壇聯合實業發展有限責任公司)	PRC 2006.10.18 Limited liability company	RMB 84,173,585	100%	—	100%	—	100%	—	100%	—	Manufacture and sale of furniture
Beijing Star Building Materials Co., Ltd.[a][f] (北京星牌建材有限責任公司)	PRC 1985.1.21 Limited liability company	RMB 314,967,696	100%	—	100%	—	100%	—	100%	—	Manufacture and sale of building materials

Company name	Place and date of establishment and type of legal entity	Paid-up capital	Percentage of equity attributable to the Company								Principal activities
			As at 31 December						As at 31 March		
			2006		2007		2008		2009		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
Beijing Modern Building Materials Co., Ltd.(a)(f) (北京現代建築材料有限責任公司)	PRC 1976.7.1 Limited liability company	RMB 40,000,000	100%	—	100%	—	100%	—	100%	—	Manufacture and sale of concrete
Beijing Building Materials Academy Co., Ltd.(a)(f) (北京建築材料科學研究總院有限公司)	PRC 2000.12.21 Limited liability company	RMB 44,174,894	100%	—	100%	—	100%	—	100%	—	Manufacture and sale of building materials
Beijing Aerated Concrete Co., Ltd.(c)(d)(f) (北京市加氣混凝土有限責任公司)	PRC 1967.1.1 Limited liability company	RMB 86,817,455	100%	—	100%	—	100%	—	100%	—	Manufacture and sale of concrete
Beijing Xiliu Building Materials Co., Ltd.(a)(f) (北京市西六建材有限責任公司)	PRC 1952.1.1 Limited liability company	RMB 41,603,941	100%	—	100%	—	100%	—	100%	—	Manufacture and sale of brick
Beijing Yaxin Special Building Materials Co., Ltd.(a)(g) (北京市亞新特種建材有限責任公司)	PRC 1980.10.1 Limited liability company	RMB 50,376,598	100%	—	—	—	—	—	—	—	Manufacture of energy saving materials
Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd.(a)(f) (北京西三旗高新建材城經營開發有限公司)	PRC 1992.12.28 Limited liability company	RMB 96,297,642	100%	—	100%	—	100%	—	100%	—	Property development
Beijing Ceramic Plant Co., Ltd.(a)(f) (北京市陶瓷廠有限責任公司)	PRC 1959.1.1 Limited liability company	RMB 56,660,757	100%	—	100%	—	100%	—	100%	—	Manufacture and trading of sanitary wares
Beijing Architectural Coating Co., Ltd.(a)(f) (北京市建築塗料廠有限責任公司)	PRC 1984.11.1 Limited liability company	RMB 24,440,626	100%	—	100%	—	100%	—	100%	—	Manufacture and sale of paint
Beijing Xiang Brand Wall Materials Co., Ltd.(a)(f) (北京市翔牌牆體材料有限公司)	PRC 1984.12.7 Limited liability company	RMB 40,437,954	100%	—	100%	—	100%	—	100%	—	Manufacture and sale of brick
Beijing Woodworking Factory Co., Ltd.(a)(f) (北京市木材廠有限責任公司)	PRC 1964.4.1 Limited liability company	RMB 54,556,261	100%	—	100%	—	100%	—	100%	—	Manufacture and trading of building materials
Beijing Great Wall Furniture Co., Ltd.(a)(f) (北京長城家具有限公司)	PRC 1981.8.10 Limited liability company	RMB 66,135,837	100%	—	100%	—	100%	—	100%	—	Trading of furniture and materials

Company name	Place and date of establishment and type of legal entity	Paid-up capital	Percentage of equity attributable to the Company								Principal activities
			As at 31 December						As at 31 March		
			2006		2007		2008		2009		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
Beijing Xisha Asset Management Co., Ltd.[(a)(g)] (北京西砂資產經營有限公司)	PRC 1954.1.1 Limited liability company	RMB 33,342,616	100%	—	—	—	—	—	—	—	Property management
Beijing Jinhaiyan Assets Management Co., Ltd.[(a)(f)] (北京金海燕資產經營有限責任公司)	PRC 1951.2.2 Limited liability company	RMB 82,923,553	100%	—	100%	—	100%	—	100%	—	Property rental
Beijing Jianji Assets Management Co., Ltd.[(a)(f)] (北京建機資產經營有限公司)	PRC 1957.2.2 Limited liability company	RMB 46,109,973	100%	—	100%	—	100%	—	100%	—	Property rental and property management
Beijing Jinhaiyan Glass Wool Co., Ltd. ("Jinhaiyan Glass Wool")[(a)(g)] (北京金海燕玻璃棉有限公司)	PRC 1995.10.17 Limited liability company	RMB 114,727,680	59%	41%	—	—	—	—	—	—	Manufacture and sale of fiber-glass related materials
BBMG Landmark Inner Mongolia Investment Co., Ltd.[(a)(f)] (內蒙古金隅置地投資有限公司)	PRC 2006.8.17 Limited liability company	RMB 200,000,000	—	100%	—	100%	—	100%	—	100%	Property development
Beijing Fumin House Co., Ltd.[(b)(g)] (北京富民住房股份有限公司)	PRC 1996.2.7 Limited liability company	N/A	4%	96%	—	—	—	—	—	—	Property development
Beijing Tongda Refractory Technology Co., Ltd.[(a)(f)] (北京通達耐火技術股份有限公司)	PRC 2006.5.10 Limited liability company	RMB 125,326,315	100%	—	60%	—	57%	—	57%	—	Manufacture and sale of building materials
Dingxin Cement[(d)(f)] (鹿泉東方鼎鑫水泥有限公司)	PRC 2002.9.26 Limited liability company	RMB 650,000,000	—	—	98%	—	98%	—	98%	—	Manufacture of cement
BBMT[(d)(e)(f)] (北京建築材料經貿有限責任公司)	PRC 1992.10.14 Limited liability company	RMB 374,000,000	100%	—	100%	—	100%	—	100%	—	Manufacture and sale of building materials
Beijing Xinbeishui Cement Co., Ltd.[(d)(f)] (北京新北水水泥有限責任公司)	PRC 2006.12.31 Limited liability company	RMB 470,650,000	—	55%	—	55%	—	55%	—	55%	Manufacture and sale of cement
Dachang BBMG[(d)(f)] (大廠金隅新型建材有限公司)	PRC 2007.7.11 Limited liability company	RMB 10,000,000	—	—	100%	—	100%	—	100%	—	Manufacture and sale of building materials
Zanhuang BBMG Cement Co., Ltd.[(f)] (贊皇金隅水泥有限公司)	PRC 2008.2.20 Limited liability company	RMB 300,000,000	—	—	—	—	100%	—	100%	—	Manufacture and sale of concrete, cement products
Hebei Taihang Huaxin Building Materials Co., Ltd. ("Taihang Huaxin")[(h)*] (河北太行華信建材有限責任公司)	PRC 2002.3.15 Limited liability company	RMB 588,020,000	—	—	—	—	33.33%	—	33.33%	—	Manufacture and sale of limestone

The names of these companies referred to in this report represent management's best effort at translating the Chinese names of those companies, as no English names have been registered.

Notes:

(a) The statutory accounts of these companies for the two years ended 31 December 2007 were audited by Beijing Jianhongxin Certified Public Accountants Company Limited ("Jianhongxin") (北京建宏信會計師事務所有限責任公司) registered in the PRC.

(b) The statutory accounts of these companies for the two years ended 31 December 2007 were audited by Zheng He Xin Certified Public Accountants (北京正和信會計師事務所有限責任公司) registered in the PRC.

(c) The statutory accounts of these companies for the year ended 31 December 2006 were audited by Jing Hua Certified Public Accountants Company Limited (北京京華會計師事務所有限責任公司) registered in the PRC.

(d) The statutory accounts of these companies for the year ended 31 December 2007 were audited by Jianhongxin registered in the PRC.

(e) The statutory accounts of these companies for the year ended 31 December 2006 were audited by Beijing Anhuaxin Certified Public Accountants Company Limited (北京安華信會計師事務所有限責任公司) registered in the PRC.

(f) The statutory accounts of these companies for the year ended 31 December 2008 were audited by Beijing Xinghua Certified Public Accountants Company Limited (北京興華會計師事務所有限責任公司) registered in the PRC.

(g) The Group transferred its equity interests in these subsidiaries to the Parent in December 2007.

(h) The statutory accounts of these companies for the year ended 31 December 2008 were audited by Zhongxi Certified Public Accountants Company Limited (中喜會計師事務所有限責任公司) registered in the PRC.

* The Company holds 33.33% equity interest in Taihang Huaxin. By virtue of the entrustment arrangement entered into between the Company and the Parent as further detailed in note 21, the Company has the power to govern the financial and operating policies of Taihang Huaxin. Therefore, Taihang Huaxin is accounted for as a subsidiary of the Company.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

20. INTERESTS/INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	202,297	266,096	342,896	338,225
Unrealised profit of sales to a jointly-controlled entity	—	(88,490)	(88,490)	(88,490)
	202,297	177,606	254,406	249,735

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost	1,500	27,169	110,971	110,971

Particulars of the principal jointly-controlled entities are as follows:

Company name	Place and date of establishment	Paid-up capital	Percentage of ownership interest attributable to the Group: As at 31 December 2006	2007	2008	As at 31 March 2009	Principal activities
Jinjian (Tianjin) Landmark Property Development and Investment Co., Ltd.* (金建（天津）置業投資有限責任公司)	PRC 2005.11.1	RMB340,000,000	50%	50%	50%	50%	Property development
BBMG Vanke Property Development Co., Ltd.* (北京金隅萬科房地產開發有限公司)	PRC 2007.7.27	RMB100,000,000	—	51%	51%	51%	Property development
STAR-USG Building Materials Co., Ltd. (星牌優時吉建築材料有限公司)	PRC 2007.11.12	USD46,520,000	—	50%	50%	50%	Manufacture of building materials

Note:

* The names of these companies referred to in this report represent management's best effort at translating the Chinese names of those companies, as no English names have been registered.

The above table lists the jointly-controlled entities of the Group which, in the opinion of the directors of the Company, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other jointly-controlled entities would, in the opinion of the directors, result in particulars of excessive length.

The Group's balances with the jointly-controlled entities are disclosed in note 44(c).

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	As at 31 December 2006	2007	2008	As at 31 March 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the jointly-controlled entities' assets and liabilities:				
Non-current assets	4,085	3,215	8,136	13,922
Current assets	206,515	686,351	1,069,225	1,092,128
Current liabilities	(8,303)	(511,960)	(618,955)	(723,715)
Non-current liabilities	—	—	(204,000)	(132,600)
Net assets	202,297	177,606	254,406	249,735

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Share of the jointly-controlled entities' results:					
Revenue	12,783	67,283	59,293	15,805	12,626
Other revenue	—	3,975	419	238	55
Total revenue	12,783	71,258	59,712	16,043	12,681
Total expenses	(12,561)	(76,478)	(80,331)	(17,774)	(16,340)
Tax	(242)	(360)	3,788	354	394
Loss after tax	(20)	(5,580)	(16,831)	(1,377)	(3,265)

21. INTERESTS/INVESTMENTS IN ASSOCIATES

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	327,907	328,240	795,237	786,601

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost	281,296	303,542	336,804	336,804

In July 2008, the Company acquired a 33.33% equity interest in Taihang Huaxin, which in turn holds a 30% interest in Hebei Taihang Cement Co., Ltd ("Taihang Cement"), from a third party. The purchase consideration of approximately RMB145,125,000 for the acquisition was in the form of cash. Taihang Cement is primarily engaged in the manufacture and sale of cement and is listed on the Shanghai Stock Exchange of the PRC. The Parent holds a 61.67% equity interest in Taihang Huaxin. Pursuant to an entrustment agreement dated 26 July 2008 entered into between the Company and the Parent, the Parent agreed to entrust to the Company the rights over its 61.67% equity interest in Taihang Huaxin, including voting rights and director nomination rights. By virtue of this entrustment arrangement, the Company controls Taihang Huaxin and treats Taihang Huaxin as its subsidiary, and Taihang Cement as an associate.

The fair values of the identifiable assets and liabilities of Taihang Huaxin acquired as at 6 August 2008 were as follows:

	Fair value
	RMB'000
Property, plant and equipment	3,641
Interest in an associate	436,517
Trade and bills receivables	604
Prepayments, deposits and other receivables	151,135
Other payables and accruals	(15,879)
Deferred tax liabilities	(54,030)
Minority interests	(348,010)

Particulars of the principal associates are as follows:

Company name	Place and date of establishment	Paid-up capital	Percentage of ownership interest attributable to the Group — As at 31 December 2006	2007	2008	As at 31 March 2009	Principal activities
Krono (Beijing) Flooring Co., Ltd. (柯諾(北京)地板有限公司)	PRC 2000.11.17	USD23,500,000	30%	30%	30%	30%	Manufacture of flooring materials
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	PRC 1995.12.14	USD57,380,000	30%	30%	30%	30%	Manufacture and sale of wooden building materials
Zehnder (China) Indoor Climate Co., Ltd. (formerly known as Beijing Zehnder Radiators Co., Ltd.) (森德(中國)暖通設備有限公司)	PRC 1995.12.27	USD27,500,000	27%	27%	27%	27%	Manufacture of anti-heat materials
OCV Reinforcements (Beijing) Co., Ltd. (formerly known as Beijing Saint-Gobain Glass Wool Co., Ltd.) (歐文斯科寧複合材料(北京)有限公司)	PRC 1996.3.19	RMB276,003,336	20%	20%	20%	20%	Manufacture of fiber-glass materials
Beijing Gaoqiang Concrete Co., Ltd.* (北京市高強混凝土有限責任公司)	PRC 1987.7.6	RMB36,363,000	—	25%	25%	25%	Manufacture of concrete
Taihang Cement (河北太行水泥股份有限公司)	PRC 1993.3.25	RMB380,000,000	—	—	30%	30%	Manufacture and sale of cement

Note:

* The names of these companies referred to in this report represent management's best effort at translating the Chinese names of those companies, as no English names have been registered.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The following table illustrates the summarised financial information of the Group's associates extracted from their audited financial statements or management accounts:

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Assets	1,963,723	2,043,505	4,218,431	4,236,584
Liabilities	660,751	745,762	2,002,590	2,073,733
Revenue	1,624,329	1,821,636	2,318,867	448,914
Profit/(loss)	19,039	6,271	(45,800)	(38,854)

22. AVAILABLE-FOR-SALE INVESTMENTS

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost	11,161	12,455	14,985	14,985

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost	8,194	8,194	8,194	8,194

The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at each reporting date because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

23. INVENTORIES

Group

	Notes	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
Raw materials		207,420	138,814	251,382	218,379
Work in progress		86,153	67,019	155,437	165,931
Finished goods		155,690	240,721	246,999	190,596
Trading stock		64,657	125,035	163,606	181,602
		513,920	571,589	817,424	756,508
Properties under development	(a)	1,579,320	3,825,240	4,645,412	4,322,248
Completed properties held for sale	(b)	764,649	652,548	885,087	1,260,341
		2,343,969	4,477,788	5,530,499	5,582,589
		2,857,889	5,049,377	6,347,923	6,339,097

(a) Properties under development

Group

	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development expected to be recovered:				
Within one year	723,073	2,524,299	3,866,699	3,460,735
After more than one year	856,247	1,300,941	778,713	861,513
	1,579,320	3,825,240	4,645,412	4,322,248

The Group's properties under development were located in the PRC and certain properties under development were pledged to banks for securing the loans granted to the Group (note 41).

(b) Completed properties held for sale

The Group's completed properties held for sale are located in the PRC. All completed properties held for sale are stated at cost.

As at the date of this report, the Group are in process of applying for or changing registration of the title certificates of the properties under development and completed properties held for sale.

24. TRADE AND BILLS RECEIVABLES

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	1,052,595	1,349,984	1,139,681	1,709,441
Bills receivable	35,098	117,806	182,348	84,369
Less: Impairment provision	(156,483)	(164,707)	(182,285)	(183,558)
	931,210	1,303,083	1,139,744	1,610,252

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	389,563	291,450	270,217	260,021
Bills receivable	—	23,850	12,214	—
Less: Impairment provision	—	(8,097)	(29,942)	(29,942)
	389,563	307,203	252,489	230,079

The Group grants different credit periods to customers in different segments. In the cement and modern building materials segments, the credit periods are generally three months, extending up to nine months for major customers. In the property development segment, consideration in respect of properties sold are payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. Trade receivables from related parties are repayable in accordance with the relevant contracts entered into between the Group and the respective related parties. The carrying amounts of trade receivables and bills receivable approximate to their fair values.

An aged analysis of the trade receivables of the Group as at the respective reporting dates, net of provisions, is as follows:

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	428,358	598,140	493,585	1,091,076
7 to 12 months	346,510	450,956	346,801	293,864
1 to 2 years	91,142	93,884	85,497	91,304
2 to 3 years	18,709	31,322	24,575	39,946
Over 3 years	11,393	10,975	6,938	9,693
	896,112	1,185,277	957,396	1,525,883

Movements in provision for impairment of trade receivables of the Group are as follows:

Group

		Year ended 31 December			Three-month period ended 31 March
	Note	2006	2007	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period		149,456	156,483	164,707	182,285
Impairment losses recognised	7	14,244	32,586	38,571	2,185
Acquisitions of subsidiaries		—	10,183	6,895	—
Disposals of subsidiaries		—	(20,821)	(164)	—
Amount written off as uncollectible		(3,427)	(2,865)	(18,463)	(26)
Impairment losses reversed	7	(3,790)	(10,859)	(9,261)	(886)
At end of year/period		156,483	164,707	182,285	183,558

Included in the provision for impairment of trade receivables of the Group are individually impaired trade receivables of RMB21,470,000, RMB16,821,000, RMB19,127,000 and RMB18,640,000 as at 31 December 2006, 2007, 2008 and 31 March 2009, respectively. The individually impaired trade receivables related to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of trade receivables of the Group that are neither individually nor collectively considered to be impaired are as follows:

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	621,103	846,955	594,042	1,012,232
Past due but not impaired				
Less than 3 months past due	50,750	60,200	54,556	140,798
3 to 6 months past due	55,729	71,590	100,353	146,932
Over 6 months past due	59,975	74,746	96,353	89,978
	787,557	1,053,491	845,304	1,389,940

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company believe 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. The Group does not hold any collateral over these balances.

An aged analysis of the trade receivables of the Company as at the respective reporting dates, net of provisions, is as follows:

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	320,988	272,647	218,460	186,554
7 to 12 months	68,575	10,706	12,661	30,232
1 to 2 years	—	—	9,154	13,293
	389,563	283,353	240,275	230,079

Movements in provision for impairment of trade receivables of the Company are as follows:

Company

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	—	—	8,097	29,942
Impairment losses recognised	—	8,097	21,845	—
At end of year/period	—	8,097	29,942	29,942

Included in the above provision for impairment of trade receivables of the Company are individually impaired trade receivables of RMB nil, RMB1,349,000, RMB nil and RMB nil as at 31 December 2006, 2007, 2008 and 31 March 2009, respectively. The individually impaired trade receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. The Company does not hold any collateral over these balances.

The aged analysis of trade receivables of the Company that are neither individually nor collectively considered to be impaired are as follows:

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	320,988	272,647	218,233	186,554
Past due but not impaired				
Less than 3 months past due	68,575	10,706	12,661	30,232
	389,563	283,353	230,894	216,786

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, the directors of the Company believe 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. The Company does not hold any collateral over these balances.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	183,832	277,466	397,377	344,087
Deposits	328,016	108,886	216,234	214,948
Due from the Parent and its subsidiaries excluding the Group (the "Parent Group")	1,531,778	1,046,354	—	—
Other receivables	703,800	1,310,362	885,980	917,497
	2,747,426	2,743,068	1,499,591	1,476,532

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	—	183,734	17,812	—
Due from the Parent Group	531,544	213,030	—	—
Due from subsidiaries	957,464	2,257,313	2,394,203	2,474,674
Other receivables	180,161	169,624	83,011	102,397
	1,669,169	2,823,701	2,495,026	2,577,071

Except for (i) the amounts due from subsidiaries; and (ii) the amounts due from jointly-controlled entities included in the Group's other receivables of approximately RMB444,348,000, RMB331,569,000 and RMB336,421,000 as at 31 December 2007, 2008 and 31 March 2009, respectively, which bear interest at market rates, the above balances are unsecured, interest-free and have no fixed terms of repayment.

26. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Group

	Notes	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances		1,557,084	1,732,454	1,980,722	1,826,527
Time deposits		26,542	26,464	36,928	30,612
		1,583,626	1,758,918	2,017,650	1,857,139
Less: Restricted cash	(a)	(86,015)	(92,331)	(135,753)	(123,954)
		1,497,611	1,666,587	1,881,897	1,733,185
Denominated in RMB	(b)	1,581,805	1,754,404	2,013,668	1,854,876
Denominated in other currencies		1,821	4,514	3,982	2,263
		1,583,626	1,758,918	2,017,650	1,857,139

Company

	Note	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances		324,862	479,433	530,266	445,444
Time deposits		—	—	9,787	9,787
		324,862	479,433	540,053	455,231
Denominated in RMB	(b)	324,862	479,391	538,781	453,959
Denominated in other currencies		—	42	1,272	1,272
		324,862	479,433	540,053	455,231

Notes:

(a) Restricted cash includes the following amounts:

(i) As at 31 December 2006, 2007, and 2008 and 31 March 2009, the Group's bank balances of RMB64,915,000, RMB72,399,000 and RMB51,583,000 and RMB45,646,000, respectively, were deposited at banks as guarantee deposits for certain mortgage loans to customers.

(ii) As at 31 December 2006, 2007, and 2008 and 31 March 2009, the Group's bank balances held in dedicated bank accounts under the name of the Group of RMB21,100,000, RMB19,932,000 and RMB84,170,000 and RMB78,308,000, respectively, were deposited as guarantee deposits for the issuance of bank acceptance notes to suppliers.

(b) The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group and the Company are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

27. TRADE AND BILLS PAYABLES

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,405,764	1,406,639	1,827,232	2,063,294
Bills payable	94,100	137,910	134,380	116,270
	1,499,864	1,544,549	1,961,612	2,179,564

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	295,307	260,282	240,004	241,869
Bills payable	—	32,000	—	—
	295,307	292,282	240,004	241,869

The trade payables are non-interest-bearing. The average credit period for trade purchases is 60 days to 90 days. The credit terms granted by the related parties are similar to those granted by unrelated parties.

An aged analysis of the trade payables of the Group as at the respective reporting dates is as follows:

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	407,608	544,477	857,058	1,110,629
4 to 6 months	235,896	79,372	88,475	299,941
7 to 12 months	324,663	387,596	584,898	424,244
1 to 2 years	338,012	302,408	227,083	161,421
2 to 3 years	43,905	48,872	47,297	44,069
Over 3 years	55,680	43,914	22,421	22,990
	1,405,764	1,406,639	1,827,232	2,063,294

An aged analysis of the trade payables of the Company as at the respective reporting dates is as follows:

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	292,852	260,282	239,252	238,927
4 to 6 months	2,455	—	—	2,942
7 to 12 months	—	—	752	—
	295,307	260,282	240,004	241,869

Included in the above balances of the Company are the amounts due to subsidiaries of the Company of approximately RMB202,029,000, RMB148,650,000, RMB233,558,000 and RMB234,080,000 as at 31 December 2006, 2007, 2008 and 31 March 2009, respectively.

28. OTHER PAYABLES AND ACCRUALS

Group

	Notes	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
Receipt in advance and deposits received		1,826,173	2,547,125	2,692,184	2,466,609
Accruals		872,534	737,538	1,264,399	1,175,721
Due to the Parent Group	(a)	1,550,994	3,207,825	740,553	700,710
Loans from the Parent	(b)	—	778,000	—	—
Other payables		1,297,039	1,787,974	1,088,894	1,025,017
		5,546,740	9,058,462	5,786,030	5,368,057

Company

	Notes	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
Receipt in advance and deposits received		177,571	177,608	173,367	161,838
Due to the Parent Group	(a)	—	1,316,008	186,837	217,018
Loans from the Parent	(b)	—	332,000	—	—
Due to subsidiaries		742,052	2,358,583	2,226,534	2,239,768
Other payables		240,969	487,959	142,329	114,998
		1,160,592	4,672,158	2,729,067	2,733,622

Notes:

(a) The directors of the Company confirmed that the amounts due to the Parent Group, which are non-trade in nature, will be settled before the listing of the Company.

(b) The loans from the Parent were unsecured, interest-bearing at 4.43% per annum and were fully settled during the year ended 31 December 2008.

Except for the loans from the Parent, the above balances are non-interest-bearing and have no fixed terms of repayment.

29. INTEREST-BEARING BANK LOANS

Group

	Contractual interest rate	Maturity	31 December 2006	Contractual interest rate	Maturity	31 December 2007	Contractual interest rate	Maturity	31 December 2008	Contractual interest rate	Maturity	31 March 2009
	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000
Current												
Bank loans — secured (note 41(a))	5.02-7.90	2007	2,113,531	6.03-9.29	2008	2,481,030	5.02-9.71	2009	1,958,200	4.86-8.96	2009-2010	1,670,700
Bank loans — unsecured	5.04-6.12	2007	549,257	5.67-9.01	2008	244,000	6.93-7.47	2009	2,000,000	5.31-7.47	2009-2010	2,000,000
Current portion of long term bank loans — secured (note 41(a))	5.49-9.00	2007	544,656	5.67-6.72	2008	1,236,000	5.10-8.32	2009	1,194,000	5.10-8.32	2009-2010	1,244,000
			3,207,444			3,961,030			5,152,200			4,914,700
Non-current												
Bank loans — secured (note 41(a))	5.67-7.30	2008-2009	983,408	6.30-9.00	2009-2010	875,700	5.40-9.59	2010-2013	1,872,700	5.40-7.56	2010-2014	2,638,296
			4,190,852			4,836,730			7,024,900			7,552,996

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	3,207,444	3,961,030	5,152,200	4,914,700
In the second year	948,408	781,700	1,322,000	1,282,000
In the third to fifth years, inclusive	35,000	94,000	550,700	1,356,296
Beyond five years	—	—	—	—
	4,190,852	4,836,730	7,024,900	7,552,996

Company

	Contractual interest rate	Maturity	31 December 2006	Contractual interest rate	Maturity	31 December 2007	Contractual interest rate	Maturity	31 December 2008	Contractual interest rate	Maturity	31 March 2009
	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000
Current												
Bank loans — secured (note 41(d))	5.58-6.12	2007	1,250,000	6.03-7.29	2008	1,900,000	5.02-5.58	2009	1,178,000	5.02-5.31	2009	840,000
Bank loans — unsecured . .	5.04-6.12	2007	522,000			—	6.93-7.47	2009	2,000,000	7.20-7.47	2009	2,000,000
Current portion of long term bank loans — secured (note 41(d))			—			—	5.40-5.76	2009	120,000	5.76	2009	30,000
			1,772,000			1,900,000			3,298,000			2,870,000
Non-current												
Bank loans — secured (note 41(d))			—			—	5.40-5.76	2010-2013	400,000	5.40-5.76	2010-2013	820,000
			1,772,000			1,900,000			3,698,000			3,690,000

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	1,772,000	1,900,000	3,298,000	2,870,000
In the second year	—	—	100,000	120,000
In the third to fifth years, inclusive	—	—	300,000	700,000
Beyond five years	—	—	—	—
	1,772,000	1,900,000	3,698,000	3,690,000

All bank loans are denominated in RMB.

Certain bank loans are secured by the Group's assets, details of which are disclosed in note 41.

Certain bank loans were supported by guarantees provided from the following parties:

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Corporate guarantees from the Parent	2,753,114	2,785,630	—	—
Corporate guarantees from third parties	3,000	224,400	1,000	—

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Corporate guarantees from the Parent	1,430,000	1,630,000	—	—
Corporate guarantees from subsidiaries	92,000	50,000	888,000	1,388,000

The directors of the Company estimate the fair value of the bank loans by discounting their future cash flows at the market rate. The directors of the Company consider that the carrying amounts of the Group's and the Company's current borrowings and non-current borrowings approximate to their fair values at each reporting date.

30. TAXES RECOVERABLE/TAXES PAYABLE

(a) Taxes recoverable

Group

	As at 31 December			As at 31 March
	2006	2007	2009	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid LAT	3,733	16,554	20,953	17,774

(b) Taxes payable

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
CIT payable	192,469	230,104	156,887	192,599
LAT payable	60,456	68,742	164,372	171,109
	252,925	298,846	321,259	363,708

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
CIT payable	—	2,155	—	—

31. DEFERRED TAX

The following are the major deferred tax assets/(liabilities) recognised and their movements during the Relevant Periods:

Group

	Depreciation allowance in excess of related depreciation	Provision for impairment of assets	Revaluation of properties	Fair value adjustments arising from acquisitions of subsidiaries	Provision of LAT	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	(83,784)	20,211	(421,905)	—	10,473	58,319	(416,686)
Credited/(charged) to the consolidated income statement for the year (note 10)	(29,951)	2,879	(141,726)	—	7,660	(22,572)	(183,710)
At 31 December 2006 and 1 January 2007	(113,735)	23,090	(563,631)	—	18,133	35,747	(600,396)
Credited/(charged) to the consolidated income statement for the year (note 10)	(27,351)	1,949	(83,067)	—	840	11,400	(96,229)
Effect on opening deferred tax due to a decrease in tax rates (note 10)	27,572	(5,597)	136,638	—	(4,396)	(8,666)	145,551
Acquisitions of subsidiaries (note 37)	—	4,366	—	(42,307)	—	—	(37,941)
Disposals of subsidiaries (note 38)	—	—	—	—	(1,223)	—	(1,223)
At 31 December 2007 and 1 January 2008	(113,514)	23,808	(510,060)	(42,307)	13,354	38,481	(590,238)
Credited/(charged) to the consolidated income statement for the year (note 10)	(30,307)	17,326	(227,716)	840	24,682	22,786	(192,389)
Acquisition of Taihang Huaxin	—	—	—	(54,030)	—	—	(54,030)
At 31 December 2008 and 1 January 2009	(143,821)	41,134	(737,776)	(95,497)	38,036	61,267	(836,657)
Credited/(charged) to the consolidated income statement for the period (note 10)	(10,001)	—	6,097	161	1,584	8,428	6,269
At 31 March 2009	(153,822)	41,134	(731,679)	(95,336)	39,620	69,695	(830,388)

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	76,970	84,394	119,199	120,816
Net deferred tax liabilities recognised in the consolidated statements of financial position	(677,366)	(674,632)	(955,856)	(951,204)
	(600,396)	(590,238)	(836,657)	(830,388)

Company

	Depreciation allowance in excess of related depreciation	Revaluation of properties	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	(1,068)	(130,313)	—	(131,381)
Charged to the income statement for the year	(11,513)	(35,397)	—	(46,910)
At 31 December 2006 and 1 January 2007	(12,581)	(165,710)	—	(178,291)
Charged to the income statement for the year	(8,897)	(47,278)	—	(56,175)
Effect on opening deferred tax due to a decrease in tax rates	3,050	40,172	—	43,222
At 31 December 2007 and 1 January 2008	(18,428)	(172,816)	—	(191,244)
Credited/(charged) to the income statement for the year	(11,168)	(323,485)	18,465	(316,188)
At 31 December 2008 and 1 January 2009	(29,596)	(496,301)	18,465	(507,432)
Credited/(charged) to the income statement for the period	(6,599)	638	8,393	2,432
At 31 March 2009	(36,195)	(495,663)	26,858	(505,000)

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the statements of financial position	—	—	—	—
Net deferred tax liabilities recognised in the statements of financial position	(178,291)	(191,244)	(507,432)	(505,000)
	(178,291)	(191,244)	(507,432)	(505,000)

The Group had unutilised tax losses of approximately RMB46,975,000, RMB33,608,000, RMB112,849,000 and RMB146,421,000 at 31 December 2006, 2007, 2008 and 31 March 2009, respectively, that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. The amounts of deferred tax assets recognised in respect of such losses were approximately RMB2,186,000, RMB487,000, RMB24,805,000 and RMB33,740,000 at 31 December 2006, 2007, 2008 and 31 March 2009, respectively. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams.

The Company had unutilised tax losses of approximately RMB28,124,000, RMB26,574,000, RMB79,226,000 and RMB112,798,000 at 31 December 2006, 2007, 2008 and 31 March 2009, respectively, that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. The amounts of deferred tax assets recognised in respect of such losses were approximately RMB nil, RMB nil, RMB18,465,000 and RMB26,858,000 at 31 December 2006, 2007, 2008 and 31 March 2009, respectively.

32. PROVISION FOR SUPPLEMENTARY PENSION SUBSIDIES AND EARLY RETIREMENT BENEFITS

The Group pays supplementary pension subsidies to its employees in the PRC who retired prior to 31 December 2007. Subsequent to 31 December 2007, the Group terminated the supplementary pension subsidies plan for its employees who retire after 31 December 2007. In addition, the Group is committed to making periodic benefit payments to certain former employees who were terminated or early retired in accordance with various rationalisation programmes adopted by the Group prior to 31 December 2007.

The amounts of provision for supplementary pension subsidies and early retirement benefits recognised in the statements of financial position are as follows:

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Present value of unfunded defined benefit obligations at end of year/period	1,055,859	648,084	689,058	667,485
Unrecognised net actuarial losses	(91,553)	(15,788)	(84,969)	(62,295)
Net liabilities arising from defined benefit obligations	964,306	632,296	604,089	605,190
Portion classified as current liabilities	(54,204)	(48,375)	(45,761)	(44,203)
Non-current portion	910,102	583,921	558,328	560,987

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Present value of unfunded defined benefit obligations at end of year/period	979,941	606,078	649,381	629,359
Unrecognised net actuarial losses	(80,232)	(13,861)	(75,780)	(55,193)
Net liabilities arising from defined benefit obligations	899,709	592,217	573,601	574,166
Portion classified as current liabilities	(45,868)	(44,622)	(42,035)	(40,469)
Non-current portion	853,841	547,595	531,566	533,697

The movements in the present value of the defined benefit obligations during the Relevant Periods are as follows:

Group

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	977,693	964,306	632,296	604,089
Net expenses recognised in the consolidated income statement (note 7)	36,558	37,282	18,864	9,555
Benefits paid during the year/period	(49,945)	(54,204)	(35,606)	(8,454)
Transfer to the Parent (note (a))	—	(315,088)	(11,465)	—
At end of year/period	964,306	632,296	604,089	605,190

Company

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	910,638	899,709	592,217	573,601
Net expenses recognised in the income statement	31,962	31,197	23,115	7,956
Benefits paid during the year/period	(42,891)	(45,993)	(30,266)	(7,391)
Transfer to the Parent (note (a))	—	(292,696)	(11,465)	—
At end of year/period	899,709	592,217	573,601	574,166

Note:

(a) The Group disposed of certain subsidiaries to the Parent in December 2007, pursuant to the retirement benefit obligation transfer agreement entered into between the Parent and the Company, the Parent has agreed to undertake the related retirement benefits of the disposed subsidiaries upon the transfer of the disposed subsidiaries to the Parent.

Pursuant to an agreement entered into between the Company and the Parent in December 2008, the Parent has agreed to undertake the retirement benefit obligations of certain retirees and in return, the Company has to pay the Parent for an amount equal to the carrying amount of the related retirement benefit obligations of those retirees. Therefore, the relevant portion of the retirement benefit obligations was released from the Company.

The net expenses recognised in the income statement are analysed as follows:

Group

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Interest cost	34,164	33,435	28,362	5,540
Past service cost	—	—	(9,727)	—
Actuarial loss	2,394	3,847	229	4,015
Net expenses	36,558	37,282	18,864	9,555
Recognised in administrative expenses	36,558	37,282	18,864	9,555

Company

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Interest cost	31,962	31,197	26,594	5,246
Past service cost	—	—	(3,479)	—
Actuarial loss	—	—	—	2,710
Net expenses	31,962	31,197	23,115	7,956

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Watson Wyatt Consultancy (Shanghai) Ltd., using the projected unit credit method. The material actuarial assumptions used in valuing these obligations are as follows:

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
Discount rate	3.25%	4.50%	3.00% – 3.25%	3.25% – 3.50%
Early retirees' salary increase rate	8.00%	9.00%	9.00%	9.00%
Supplemental benefits increase rate	1.25%	1.75%	2.25%	2.25%

33. DEFERRED INCOME

Deferred income is related to government grants received for the purpose of providing financial subsidies for the improvement of manufacturing facilities and the construction of new factory premises, which would be recognised as income over the weighted average of the expected useful life of the relevant property, machinery and equipment.

The movements of deferred income as stated under current and non-current liabilities during the Relevant Periods are as follows:

Group

	Year ended 31 December			Three-month period ended 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period	43,749	42,958	72,314	314,176
Additions during the year/period	12,800	41,834	260,365	4,152
Disposals of subsidiaries (note 38)	—	(2,190)	—	—
Released to the consolidated income statement during the year/period (note 6)	(13,591)	(10,288)	(18,503)	(3,235)
Carrying amount at end of the year/period	42,958	72,314	314,176	315,093
Current portion included in other payables and accruals	(10,020)	(10,288)	(9,398)	(9,843)
Non-current portion	32,938	62,026	304,778	305,250

34. OTHER NON-CURRENT LIABILITIES

As at 31 December 2007, 2008 and 31 March 2009, included in the Group's "Other non-current liabilities" was a balance of approximately RMB227,000,000 relating to government grants received by the Group for the relocation of its manufacturing plants. The government grants will be used for payment for relocation expenses and purchases of assets. The balance will be set off with the expenses incurred or credited to deferred income in accordance with the Group's accounting policy upon the fulfillment of the attaching conditions of the government grants.

35. SHARE CAPITAL

Company

	Registered capital	Number of shares	Ordinary shares
	RMB'000	'000	RMB'000
Capitalisation of assets injected from the Parent upon incorporation of the Company	1,095,120	1,095,120	1,095,120
Capital contribution of cash from Other Promoters of the Company	396,915	396,915	396,915
At 1 January 2006	1,492,035	1,492,035	1,492,035
Capital contribution of cash from Other Promoters of the Company	307,965	307,965	307,965
At 31 December 2006 and 2007	1,800,000	1,800,000	1,800,000
Issue of shares	1,000,000	1,000,000	1,000,000
At 31 December 2008 and 31 March 2009	2,800,000	2,800,000	2,800,000

The Parent owned and operated the Transferred Operations prior to the incorporation of the Company. The Transferred Operations together with certain assets and liabilities were transferred to the Company on 22 December 2005 in exchange for 1,095,120,000 shares of RMB1 each. The Other Promoters injected cash into the Company in an aggregate amount of approximately RMB1,030,000,000 as consideration for the Company's paid-up capital of an aggregate of 704,880,000 shares of RMB1 each.

On 25 July 2008, the registered share capital of the Company increased from RMB1,800 million to RMB2,800 million. During the year ended 31 December 2008, proceeds of approximately RMB2,600 million were received for the issuance of 1,000 million shares of the Company, with RMB1,000 million and RMB1,600 million credited to the share capital and share premium account, respectively. After the aforesaid issuance of shares, the percentage of shareholding of the Company held by the Parent was increased from 60.84% to 65.73%.

36. RESERVES

Group

The changes in the reserves of the Group during the Relevant Periods have been disclosed in the consolidated statements of changes in equity of the Group in Section I above.

Company

The changes in the reserves of the Company during the Relevant Periods are as follows:

	Share premium	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	688,307	—	266,743	955,050
Capital contribution from the Other Promoters	142,035	—	—	142,035
Loss for the year	—	—	(87,912)	(87,912)
Proposed 2006 final dividend	—	—	(54,330)	(54,330)
At 31 December 2006 and 1 January 2007	830,342	—	124,501	954,843
Profit for the year	—	—	145,603	145,603
Proposed 2007 final dividend	—	—	(112,689)	(112,689)
At 31 December 2007 and 1 January 2008	830,342	—	157,415	987,757
Issue of shares	1,600,000	—	—	1,600,000
Profit appropriation to reserves	—	1,115	(1,115)	—
Profit for the year	—	—	1,215,919	1,215,919
Proposed 2008 final dividend	—	—	(112,000)	(112,000)
At 31 December 2008 and 1 January 2009	2,430,342	1,115	1,260,219	3,691,676
Loss for the period	—	—	(32,111)	(32,111)
At 31 March 2009	2,430,342	1,115	1,228,108	3,659,565

Statutory reserve

In accordance with the PRC Company Law, the Company is required to allocate 10% of its profit after tax, as determined in accordance with the Accounting Standards for Business Enterprises, the Accounting system for Business Enterprises and other related regulations issued by the Ministry of Finance of the People's Republic of China applicable to the Company, to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of the registered capital of the Company. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR may be converted to increase paid-up capital/issued capital of the Company, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

37. ACQUISITION OF SUBSIDIARIES

(a) Gongyi Tongda Technology

In October 2007, the Parent acquired a 75% interest in Gongyi Tongda Technology from a third party. Gongyi Tongda Technology is engaged in the manufacture and sale of fire-resistant materials. As detailed in note 2.1 above, the Financial Information has been presented as if Gongyi Tongda Technology had been included in the Group when Gongyi Tongda Technology first came under the control of the Parent in October 2007.

In May 2008, the Parent transferred its 75% equity interest in Gongyi Tongda Technology to the Group.

The fair values of the identifiable assets and liabilities of Gongyi Tongda Technology as at the date of acquisition by the Parent and the corresponding carrying amounts immediately before the acquisition were as follows:

	Note	Fair value	Previous carrying amount
		RMB'000	RMB'000
Property, plant and equipment		36,080	18,865
Land use rights		8,258	4,317
Inventories		40,791	40,791
Trade and bills receivables		23,546	23,546
Prepayments, deposits and other receivables		8,386	8,386
Cash and bank balances		344	344
Other payables and accruals		(79,350)	(79,350)
Interest-bearing bank loans		(8,500)	(8,500)
Deferred tax liabilities		(5,289)	—
		24,266	8,399
Minority interests		(6,066)	
Goodwill on acquisition	16	3,967	
Total consideration paid by the Parent, presented as contribution from the Parent in the Financial Information		22,167	

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of Gongyi Tongda Technology is as follows:

	RMB'000
Cash and bank balances acquired	344
Net inflow of cash and cash equivalents in respect of the acquisition of Gongyi Tongda Technology	344

Gongyi Tongda Technology's contributions to the Group's revenue and the Group's profit before tax for the period between the date of acquisition and 31 December 2007 are as follows:

	RMB'000
Group's revenue	13,927
Group's profit before tax	(2,421)

Had the acquisition taken place at the beginning of the year ended 31 December 2007, the revenue of the Group and the profit before tax of the Group for the year ended 31 December 2007 would have been as follows:

	RMB'000
Group's revenue	8,176,147
Group's profit before tax	873,884

(b) Details of the acquired subsidiaries other than under the control of the Parent during the Relevant Periods are as follows:

Name of subsidiaries	Date of acquisitions	Percentage of interests acquired	Nature of business acquired
Beijing Quinette Great Wall Seats Co., Ltd. (note 3) (北京奇耐特長城座椅有限公司)	April 2006	20% (note 1)	Manufacture and sale of furniture
Beijing Pinggu No. 2 Cement Plant Co., Ltd. (note 3) (北京市平谷區水泥二廠有限公司)	January 2007	100%	Manufacture and sale of cement
Dingxin Cement	April 2007	97.7%	Manufacture and sale of cement
Beijing VAWO Heat Insulation Materials Co., Ltd. (note 3) (北京萬屋保溫工程材料有限公司)	April 2007	51% (note 1)	Sale of building materials
Beijing Maydos-Sanqi Coating Co., Ltd. (note 3) (北京美塗三旗塗料有限責任公司)	July 2007	50% (note 2)	Manufacture and sale of paint
Beijing Jihongfengrun Property Development Co., Ltd. (note 3) (北京紀宏豐潤房地產開發有限公司)	August 2007	100%	Property development
BBMG Logistics Co., Ltd. (note 3) (formerly known as Beijing CMST-BBMG Logistics Co., Ltd.) (北京金隅物流有限公司)	March 2008	50% (note 2)	Provision of freight agency and storage services
Beijing Sanchong Mirrors Co., Ltd. (note 3) (北京三重鏡業有限公司)	May 2008	51% (note 1)	Manufacture and sale of mirrors and decorative glass

Notes:

1. These companies were associates of the Group before the Group's further acquisition of equity interests in these companies.
2. These companies were jointly-controlled entities of the Group before the Group's further acquisition of equity interests in these companies.
3. The names of these companies referred to in this report represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

(i) Dingxin Cement

On 25 April 2007, the Group acquired a 97.7% interest in Dingxin Cement from a third party. Dingxin Cement is engaged in the manufacture and sale of cement. The purchase consideration for the acquisition was in the form of cash.

The fair values of the identifiable assets and liabilities of Dingxin Cement as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Note	Fair value	Previous carrying amount
		RMB'000	RMB'000
Property, plant and equipment		934,534	924,816
Land use rights		139,322	39,691
Mining rights		85,990	47,265
Deferred tax assets		4,366	4,366
Inventories		61,499	61,499
Trade and bills receivables		174,907	174,907
Prepayments, deposits and other receivables		140,036	140,036
Cash and bank balances		18,640	18,640
Trade and bills payables		(153,092)	(153,092)
Other payables and accruals		(498,173)	(498,173)
Non-current liabilities		(25,416)	(25,416)
Interest-bearing bank loans		(323,800)	(323,800)
Deferred tax liabilities		(37,018)	—
		521,795	410,739
Minority interests		(12,001)	
Goodwill on acquisition	16	95,204	
Total consideration		604,998	
Satisfied by:			
Cash		481,150	
Other payables		123,848	
Total consideration		604,998	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Dingxin Cement is as follows:

	RMB'000
Cash consideration	481,150
Cash and bank balances acquired	(18,640)
Net outflow of cash and cash equivalents in respect of the acquisition of Dingxin Cement	462,510

Dingxin Cement's contributions to the Group's revenue and the Group's profit before tax for the period between the date of acquisition and 31 December 2007 are as follows:

	RMB'000
Group's revenue	338,733
Group's profit before tax	34,613

Had the acquisition taken place at the beginning of the year ended 31 December 2007, the revenue of the Group and the profit before tax of the Group would have been as follows:

	RMB'000
Group's revenue	8,249,826
Group's profit before tax	872,522

(ii) Others

The fair values of the identifiable assets and liabilities of the other subsidiaries acquired as at the date of acquisition approximate to the corresponding carrying amounts immediately before the relevant acquisitions, details were as follows:

		Year ended 31 December			Three-month period ended 31 March	
	Notes	2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Property, plant and equipment		3,272	393,635	21,827	768	—
Land use rights		—	52,760	—	—	—
Other intangible assets	17	89	1,561	—	—	—
Inventories		651	33,158	6,559	2,205	—
Trade and bills receivables		2,703	482	6,396	2,831	—
Prepayments, deposits and other receivables		2,751	10,922	3,172	2,541	—
Cash and bank balances		4,936	3,470	10,802	2,350	—
Trade and bills payables		(5,108)	(61,950)	(1,718)	(138)	—
Other payables and accruals		(1,025)	(277,481)	(18,555)	(7,387)	—
Interest-bearing bank loans		—	(146,521)	—	—	—
Taxes payable		119	—	(170)	(170)	—
		8,388	10,036	28,313	3,000	—
Minority interests		(3,355)	—	—	—	—
Goodwill on acquisitions	16	—	14,144	—	—	—
Interests in jointly-controlled entities		—	(1,494)	(1,500)	(1,500)	—
Interest in an associate		(457)	—	—	—	—
Total consideration		4,576	22,686	26,813	1,500	—
Satisfied by:						
Cash		4,576	22,686	1,504	1,500	—
Amount due from an associate		—	—	25,309	—	—
		4,576	22,686	26,813	1,500	—

An analysis of the net outflow/(inflow) of cash and cash equivalents in respect of the acquisitions of other subsidiaries is as follows:

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash consideration	4,576	22,686	1,504	1,500	—
Cash and bank balances acquired	(4,936)	(3,470)	(10,802)	(2,350)	—
Net outflow/(inflow) of cash and cash equivalents in respect of the acquisitions of other subsidiaries	(360)	19,216	(9,298)	(850)	—

The goodwill arising on the acquisitions are attributable to the anticipated future operating synergies from the combination.

The acquirees' contributions to the Group's revenue and the Group's profit before tax for the period between the date of acquisition and the reporting date are as follows:

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Group's revenue	8,895	177,701	71,688	—	—
Group's profit before tax	(3,284)	(2,724)	3,863	—	—

Had the acquisitions taken place at the beginning of the year/period, the revenue of the Group and the profit before tax of the Group would have been as follows:

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Group's revenue	6,615,310	8,104,765	8,566,664	2,159,763	2,164,186
Group's profit before tax	892,683	859,774	1,904,289	252,897	218,338

38. DISPOSALS OF SUBSIDIARIES

(a) The net assets of the subsidiaries disposed of to the Parent during the Relevant Periods were as follows:

		Year ended 31 December			Three-month period ended 31 March	
	Notes	2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net assets disposed of:						
Property, plant and equipment	13	—	736,550	2,463	—	—
Goodwill	16	—	37,921	—	—	—
Land use rights	15	—	148,545	—	—	—
Other intangible assets	17	—	1,816	—	—	—
Available-for-sale investments		—	8,747	—	—	—
Deferred tax assets	31	—	1,223	—	—	—
Inventories		—	396,906	—	—	—
Trade and bills receivables		—	84,122	96	—	—
Cash and bank balances		—	144,418	21,436	—	—
Other receivables		—	817,101	11,272	—	—
Trade and bills payables		—	(232,045)	(7,433)	—	—
Interest-bearing bank loans		—	(330,760)	(129)	—	—
Other payables and accruals		—	(1,478,458)	(15,352)	—	—
Tax payable		—	(39,237)	—	—	—
Deferred income	33	—	(2,190)	—	—	—
Minority interests		—	(706)	—	—	—
		—	293,953	12,353	—	—
Loss on disposals of subsidiaries directly recognised in capital reserve		—	4,709	—	—	—
		—	298,662	12,353	—	—
Satisfied by:						
Amount due from the Parent		—	298,662	12,353	—	—

An analysis of the net outflow of cash and cash equivalents in respect of the disposals of subsidiaries to the Parent is as follows:

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash consideration received	—	—	—	—	—
Cash and bank balances disposed of	—	(144,418)	(21,436)	—	—
Net outflow of cash and cash equivalents in respect of the disposals of subsidiaries to the Parent	—	(144,418)	(21,436)	—	—

(b) The net assets of the subsidiaries disposed of to third parties during the Relevant Periods were as follows:

	Note	Year ended 31 December			Three-month period ended 31 March	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net assets disposed of:						
Property, plant and equipment	13	621	—	25	—	—
Cash and bank balances		211	—	1,020	—	—
Prepayments, deposits and other receivables		1,665	—	3,572	—	—
Trade and bills payables		—	—	(424)	—	—
Other payables and accruals		(4,995)	—	(921)	—	—
		(2,498)	—	3,272	—	—
Gain/(loss) on disposals of subsidiaries		2,814	—	(3,272)	—	—
		316	—	—	—	—
Satisfied by:						
Cash		316	—	—	—	—

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposals of subsidiaries to third parties during the Relevant Periods is as follows:

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash consideration received	316	—	—	—	—
Cash and bank balances disposed of	(211)	—	(1,020)	—	—
Net inflow/(outflow) of cash and cash equivalents in respect of disposals of subsidiaries to third parties	105	—	(1,020)	—	—

39. MAJOR NON-CASH TRANSACTIONS

(a) The non-cash capital contributions made by the minority shareholders of the subsidiaries of the Group during the year ended 31 December 2008 were in the form of assets of approximately RMB40,056,000.

(b) During the year ended 31 December 2008, the Group undertook from an associate of the Parent which is a subsidiary of a third party a loan in exchange for taking over certain trade receivables. Through the settlement of the aforesaid loan and the realisation of the trade receivables, a gain of approximately RMB110 million was recognised during the year ended

31 December 2008 and included in other income and gains as disclosed in note 6 to the Financial Information.

40. CONTINGENT LIABILITIES

The Group had the following contingent liabilities not provided for as at the respective reporting dates:

Group

	Notes	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks in respect of mortgage facilities for certain purchasers of the Group's properties	(a)	555,441	682,989	748,037	798,239
Guarantees given to banks in connection with loans granted to the Parent Group	(b)	35,000	69,650	15,600	—
Guarantees given to banks in connection with loans granted to an associate	(b)	—	2,500	—	—
Guarantees given to banks in connection with loans granted to third parties	(b)	5,800	—	—	—
		596,241	755,139	763,637	798,239

The Company had the following contingent liabilities not provided for as at the respective reporting dates:

Company

	Notes	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 31 March 2009
		RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks in connection with loans granted to the Parent Group	(b)	—	37,320	15,600	—
Guarantees given to banks in connection with loans granted to subsidiaries	(b)	263,000	830,900	3,343,600	3,598,496
		263,000	868,220	3,359,200	3,598,496

Notes:

(a) As at 31 December 2006, 2007, 2008 and 31 March 2009, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within a certain period after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the directors of the Company consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made in the Financial Information for the guarantees.

(b) The fair value of the guarantees is not significant and the directors of the Company consider that the risk of default in payment is remote, and therefore no provision for the guarantees has been made in the Financial Information.

As at each of the reporting date, the Group had contingent liabilities in relation to the transfer of certain other payables balance to the Parent in an aggregate amount of approximately RMB176.3 million. The Group may remain liable if the Parent fails to fulfill its obligations in respect of these transferred liabilities. Pursuant to an indemnification undertaking, the Parent has agreed to indemnify the Group in respect of any loss or damage relating to the transferred liabilities as mentioned above.

As at each reporting date, the Group had contingent liabilities in relation to not having proper legal title to certain of its properties. The Group may be subject to penalties, lawsuits or other actions taken against the Group. No provision has been made for such potential legal proceedings and claims as the outcome of the legal proceedings and claims cannot be reasonably estimated and management believes that the probability of loss is remote. The Parent has agreed to indemnify the Group in respect of any loss or damage relating to the defective title certificate.

41. PLEDGE OF ASSETS

(a) At each of the reporting dates during the Relevant Periods, the following assets of the Group were pledged to certain banks for securing the loans granted to the Group:

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Investment properties	3,174,162	2,170,434	2,023,507	2,035,504
Property, plant and equipment	120,405	292,312	192,570	178,112
Land use rights	3,910	42,355	76,835	109,574
Properties under development	108,911	558,662	2,437,173	1,996,074
	3,407,388	3,063,763	4,730,085	4,319,264

(b) At each of the reporting dates during the Relevant Periods, the following assets of the Group were pledged to certain banks for securing the loans granted to the Parent:

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Investment properties	—	933,244	941,870	927,400
Property, plant and equipment	—	5,513	3,684	3,616
Land use rights	—	—	1,125	1,117
	—	938,757	946,679	932,133

The pledges of the assets as at 31 March 2009 in note 41(b) above have been released as at the date of this report.

(c) At each of the reporting dates during the Relevant Periods, the following assets of the Group were pledged to certain banks for securing the loans granted to an associate:

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	
Property, plant and equipment	53,396	51,666	—	—

(d) At each of the reporting dates during the Relevant Periods, the following assets of the Company were pledged to certain banks for securing the loans granted to the Company:

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Investment properties	1,391,103	1,539,690	1,545,700	1,544,430
Property, plant and equipment	7,618	7,259	6,901	6,813
Land use rights	2,260	2,200	2,154	2,142
	1,400,981	1,549,149	1,554,755	1,553,385

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 14) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 15 years.

At each of the reporting dates during the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	212,183	254,494	278,009	277,224
In the second to fifth years, inclusive	432,489	406,882	470,493	489,211
After five years	343,692	390,761	337,466	352,209
	988,364	1,052,137	1,085,968	1,118,644

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	65,247	116,490	158,161	174,928
In the second to fifth years, inclusive	102,213	153,184	229,999	209,722
After five years	33,335	142,946	124,196	120,155
	200,795	412,620	512,356	504,805

(b) As lessee

The Group leased certain of its office premises, factories and machinery under operating lease arrangements. Leases for the properties are negotiated for terms ranging from 1 to 26 years.

At each of the reporting dates during the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	4,827	4,926	22,473	25,249
In the second to fifth years, inclusive	19,027	27,334	55,952	84,282
After five years	33,378	39,635	71,635	81,430
	57,232	71,895	150,060	190,961

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	—	—	2,700	2,700
In the second to fifth years, inclusive	—	—	10,800	10,800
After five years	—	—	675	—
	—	—	14,175	13,500

43. COMMITMENTS

In addition to the operating lease commitments detailed in note 42(b) above, the Group had the following commitments for capital and property development expenditures at each of the reporting dates during the Relevant Periods:

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Property, plant and equipment	106,283	714,535	306,396	241,797
Properties being developed by the Group for sale	371,034	1,028,237	1,695,067	1,699,975
Capital contribution to a jointly-controlled entity	—	—	50,801	50,801
	477,317	1,742,772	2,052,264	1,992,573

Company

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Capital contribution to a jointly-controlled entity	—	—	50,801	50,801
	—	—	50,801	50,801

44. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Significant related party transactions

In addition to the transactions and balances disclosed elsewhere in this report, the Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sale of goods to the Parent Group	4,973	6,136	44,410	124	16,090
Sale of properties to the Parent Group	—	24,855	—	—	—
Sale of goods to jointly-controlled entities	14,181	15,608	24,597	6,285	2,639
Sale of goods to associates	—	—	198,406	—	25,208
Sale of properties to a jointly-controlled entity	—	961,920	—	—	—
Purchase of goods from the Parent Group	25,538	11,979	228,769	47,935	35,230
Purchase of goods from jointly-controlled entities	23,512	30,017	29,344	8,484	3,612
Purchase of goods from associates	21,963	19,663	330,470	—	46,796
Purchase of services from the Parent Group	3,137	3,406	34,855	581	843
Purchase of trademarks from the Parent Group	—	—	16,670	—	—
Rental income from jointly-controlled entities	—	2,300	1,940	1,940	2,328
Rental income from associates	5,687	41,842	33,123	—	2,440
Interest income from a jointly-controlled entity	—	11,377	28,911	8,553	4,595
Sales of property, plant and equipment to the Parent Group	—	—	120,934	—	—
Interest and arrangement fee paid to the Parent	—	21,254	—	—	—

In the opinion of the directors of the Company, the transactions between the Group and the aforementioned related parties were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(b) Other transactions with related parties

(i) In July 2008, the Company further acquired a 33.77% equity interest in Liulihe Cement from the Parent at a consideration of RMB171,234,000. Liulihe Cement was a 66.23% owned subsidiary of the Company before the acquisition.

(ii) In October 2008, the Company acquired 25% and 25.30% equity interests of Gaoling and Jianhong from the Parent at considerations of RMB2,500,800 and RMB132,171,400, respectively. Gaoling and Jianhong became wholly-owned subsidiaries of the Company after the aforesaid acquisitions.

(c) Outstanding balances with related parties

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables due from				
— Jointly-controlled entities	—	125,185	—	—
— Associates	—	—	8,503	257
Other receivables due from				
— The Parent Group	1,531,778	1,046,354	—	—
— Jointly-controlled entities	5,000	449,348	336,569	341,421
— Associates	36,771	41,375	17,265	23,849
Trade payables due to				
— The Parent Group	4,851	6,017	—	—
— Jointly-controlled entity	—	—	—	4,398
— Associate	—	—	3,814	6,135
Other payables due to				
— The Parent Group	1,550,994	3,985,825	740,553	700,710
— Associates	—	—	2,066	8
Dividend payable to				
— The Parent	—	33,054	—	—

Except for the loans from the Parent as disclosed in note 28 and amounts due from jointly-controlled entities of approximately RMB444,348,000, RMB331,569,000 and RMB336,421,000 as at 31 December 2007, 2008 and 31 March 2009, respectively, which are interest-bearing, the above balances are non-interest-bearing.

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Three-month period ended 31 March	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Short term employee benefits	3,498	4,060	4,244	474	581
Pension schemes contributions	79	121	135	34	35
Total compensation paid to key management personnel	3,577	4,181	4,379	508	616

(e) Transactions with other State-controlled entities in the PRC

The Group operates in an economic regime currently predominated by State-controlled entities. Apart from the transactions with the Parent Group, the Group also conducts a majority of its businesses with State-controlled entities. The directors of the Company consider that these transactions are conducted in the ordinary course of the Group's businesses on terms similar to those that would be entered into with non-State-controlled entities. The Group has also established pricing policies for products and services, and such pricing policies do not depend on whether or not the customers are State-controlled entities. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions are material related party transactions that require separate disclosures.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The carrying amounts of the Group's financial instruments approximated to their fair values as at each of the reporting dates. Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of the directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk means the risk on the fluctuation of fair value on future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing the risk of changes in market interest rate, and fixed interest rate instruments will result in the Group facing fair value interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's annual profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Group		
	Increase/ decrease in basis points	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
		RMB'000	RMB'000
Period ended 31 March 2009	+100	(75,530)	—
Year ended 31 December 2008	+100	(70,249)	—
Year ended 31 December 2007	+100	(48,367)	—
Year ended 31 December 2006	+100	(41,909)	—
Period ended 31 March 2009	-100	75,530	—
Year ended 31 December 2008	-100	70,249	—
Year ended 31 December 2007	-100	48,367	—
Year ended 31 December 2006	-100	41,909	—

* Excluding retained profits

Foreign currency risk

The Group's businesses are located in the PRC and most of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB except for the United States dollar short term bank deposits. Fluctuations of the exchange rates of RMB against foreign currencies do not have significant effects on the Group's results. The Group has not hedged its foreign exchange rate risk.

A reasonably possible change of 5% in the exchange rate between United States dollars and RMB would have no material impact on the Group's profit or loss during the Relevant Periods and there would be no impact on the Group's equity.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets, prepayments, deposits and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligation of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 40.

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and have available funding through an adequate amount of committed credit facilities to meet its commitments.

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted payments, is as follows:

Group

	As at 31 December 2006				
	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	3,448,998	992,776	37,412	—	4,479,186
Trade and bills payables	1,499,864	—	—	—	1,499,864
Other payables	1,297,039	—	—	—	1,297,039
	6,245,901	992,776	37,412	—	7,276,089

Group

	As at 31 December 2007				
	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	4,187,502	809,423	95,195	—	5,092,120
Trade and bills payables	1,544,549	—	—	—	1,544,549
Other payables	1,787,974	11,814	240,831	—	2,040,619
	7,520,025	821,237	336,026	—	8,677,288

Group

	As at 31 December 2008				
	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	5,464,545	1,396,994	594,012	—	7,455,551
Trade and bills payables	1,961,612	—	—	—	1,961,612
Other payables	1,088,894	5,210	235,621	—	1,329,725
	8,515,051	1,402,204	829,633	—	10,746,888

Group

	As at 31 March 2009				
	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	5,221,221	1,393,047	1,479,538	—	8,093,806
Trade and bills payables	2,179,564	—	—	—	2,179,564
Other payables	1,025,017	—	227,229	—	1,252,246
	8,425,802	1,393,047	1,706,767	—	11,525,616

The maturity profile of the Company's financial liabilities as at the reporting date, based on the contractual undiscounted payments, is as follows:

Company

	As at 31 December 2006				
	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	1,844,494	—	—	—	1,844,494
Trade and bills payables	295,307	—	—	—	295,307
Other payables	240,969	—	—	—	240,969
	2,380,770	—	—	—	2,380,770

Company

	As at 31 December 2007				
	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	1,965,448	—	—	—	1,965,448
Trade and bills payables	292,282	—	—	—	292,282
Other payables	487,959	—	—	—	487,959
	2,745,689	—	—	—	2,745,689

Company

	As at 31 December 2008				
	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	3,444,037	120,700	327,573	—	3,892,310
Trade and bills payables	240,004	—	—	—	240,004
Other payables	142,329	—	—	—	142,329
	3,826,370	120,700	327,573	—	4,274,643

Company

	As at 31 March 2009				
	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	3,004,830	163,905	778,904	—	3,947,639
Trade and bills payables	241,869	—	—	—	241,869
Other payables	154,113	—	—	—	154,113
	3,400,812	163,905	778,904	—	4,343,621

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a net borrowings to equity ratio, which is net borrowings divided by total capital. Net borrowings include interest-bearing bank loans less cash and cash equivalents and restricted cash. Capital represents the total equity.

At the end of each of the Relevant Periods, the Group's strategy was to maintain the net borrowings to equity ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The net borrowings to equity ratios at the end of each of the Relevant Periods were as follows:

Group

	As at 31 December			As at 31 March
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	4,190,852	4,836,730	7,024,900	7,552,996
Less: Cash and cash equivalents	(1,497,611)	(1,666,587)	(1,881,897)	(1,733,185)
Restricted cash	(86,015)	(92,331)	(135,753)	(123,954)
Net borrowings	2,607,226	3,077,812	5,007,250	5,695,857
Total equity	4,045,418	4,182,201	8,174,229	8,323,487
Net borrowings to equity ratio	64%	74%	61%	68%

46. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the years ended 31 December 2006, 2007, 2008 and the three-month period ended 31 March 2009 includes a loss of approximately RMB87,912,000, a profit of approximately RMB35,709,000, a profit of approximately RMB876,792,000 and a loss of approximately RMB32,111,000, respectively, which has been dealt with in the financial statements of the Company.

III. SUBSEQUENT EVENT

The following significant event took place subsequent to 31 March 2009:

In April 2009, the Company issued 19,000,000 bonds (the "Bonds") with a nominal value of RMB100 each, amounting to approximately RMB1.9 billion in total. The Bonds bear interest at a rate of 4.32% per annum. The Bonds are guaranteed by the Beijing State-owned Capital Operation Management Centre, an entity administered by the Beijing SASAC, and have a 7-year life from the date of issuance. The holders of the Bonds are entitled to a redemption right exercisable at the expiry of the fifth anniversary of the issue date.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group and the Company or any of its subsidiaries in respect of any period subsequent to 31 March 2009.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" and "Appendix I — Accountants' Report".

The following unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out here to provide the investors with further information about (i) how the proposed Listing might have affected the net tangible assets of the Group as if the Global Offering had occurred on 31 March 2009; and (ii) how the proposed Listing might have affected the estimated earnings per share of the Group for the period ended 30 June 2009 as if the Global Offering had taken place on 1 January 2009. Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions of the financial periods concerns.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared to show the effect on the consolidated net tangible assets of the Group as at 31 March 2009 as if the Global Offering had occurred on 31 March 2009.

The unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared for illustrative purposes only and, because of their nature, they may not give a true picture of the financial position of the Group.

The following unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared based on the audited consolidated net assets of the Group as at 31 March 2009 as extracted from "*Appendix I — Accountants' Report*", and is adjusted as described below.

	Consolidated net tangible assets attributable to owners of the Company as at 31 March 2009(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per share(3)(4)(5)	
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer Price of HK$5.18 per H Share . . .	7,354,621	3,960,203	11,314,824	3.03	3.44
Based on an Offer Price of HK$6.38 per H Share . . .	7,354,621	4,914,965	12,269,586	3.29	3.73

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as at 31 March 2009 was determined as follows:

	RMB'000
Audited consolidated net assets as set out in Appendix I	8,323,487
Less: Minority interests	(847,486)
Consolidated net assets attributable to owners of the Company	7,476,001
Less: Goodwill	(99,171)
Other intangible assets	(22,209)
Consolidated net tangible assets attributable to owners of the Company	7,354,621

(2) The estimated net proceeds from the Global Offering are based on an Offer Price of HK$5.18 per H Share or HK$6.38 per H Share after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any H Share which may be issued upon exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted at the PBOC Rate from Hong Kong dollars into Renminbi at an exchange rate of RMB0.88164 to HK$1.00, the PBOC Rate prevailing on 6 July 2009.

(3) The unaudited pro forma adjusted consolidated net tangible assets per share is determined after the adjustments as described above and on the basis that 3,733,333,000 shares (being the number of shares expected to be in issue immediately after completion of the Global Offering, without taking into account of any shares which may be issued upon the exercise of the Over-allotment Option) are issued and outstanding.

(4) The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB0.88164 to HK$1.00, the PBOC Rate prevailing on 6 July 2009. No representation is made that the Hong Kong dollars amounts have been, could have been or could be converted to Renminbi, or *vice versa*, at that rate or at any other rates or at all.

(5) Details of the valuations of our Group's properties as at 31 May 2009 are set out in "*Appendix IV— Property Valuation*". The revaluation surplus or deficit of properties included in buildings held for own use, construction in progress, land use rights, properties under development and completed properties held for sale was not incorporated in the Group's financial statements for the three months ended 31 March 2009. If the revaluation surplus was recorded in the Group's financial statements, the annual depreciation expense would increase by approximately RMB53.7 million.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated earnings per share for the six months ended 30 June 2009 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2009.

This unaudited pro forma estimated earnings per share has been prepared for illustrative purposes only and, because of its nature, it may not give true and fair picture of the financial results of the Group following the Global Offering.

Unaudited estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009(1)(3)	not less than RMB669.5 million (approximately HK$759.4 million)
Unaudited pro forma estimated earnings per share for the six months ended 30 June 2009 on a fully diluted basis, without taking into account the Over-allotment Option(2)(3)	not less than RMB0.18 (approximately HK$0.20)

Notes:

(1) The unaudited estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 is extracted from "*Financial information—Profit estimate for the six months ended 30 June 2009*". The bases on which the above profit estimate for the six months ended 30 June 2009 has been prepared are summarised in Appendix III to this prospectus.

The unaudited estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 prepared by the Directors is based on the Group's audited consolidated results for the three months ended

31 March 2009 and an estimate of the consolidated results of the Group for the remaining three months ended 30 June 2009. The estimate has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as summarised in the Accountants' Report, the text of which is set forth in Appendix I to this prospectus.

(2) The unaudited pro forma estimated earnings per share on a fully diluted basis is calculated by dividing the estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 by 3,733,333,000 shares assumed to be issued and outstanding during the entire six-month period ended 30 June 2009, adjusted as if the Global Offering had occurred on 1 January 2009 but without taking into account any shares which may be issued upon exercise of the Over-allotment Option.

(3) The unaudited estimated consolidated profit attributable to owners of the Company and the unaudited pro forma estimated earnings per share on a fully diluted basis are converted into Hong Kong dollars at an exchange rate of RMB0.88164 to HK$1.00, the PBOC Rate prevailing on 6 July 2009.

C. REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

17 July 2009

The Directors
BBMG Corporation

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of BBMG Corporation (the "Company") and its subsidiaries (collectively the "Group") set out in sections A and B of Appendix II to the prospectus of the Company dated 17 July 2009 (the "Prospectus") in connection with the global offering of the Company's H shares, which has been prepared by the directors of the Company (the "Directors"), for illustrative purposes only, to provide information about how such global offering might have affected the relevant financial information of the Group presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II of the Prospectus.

Respective responsibilities of the Directors and reporting accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors.

This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated, that such bases are consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 March 2009 or any future dates; or
- the estimated earnings per share of the Group for the six months ended 30 June 2009 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated;

(b) such bases are consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The estimated consolidated profit attributable to owners of the Company for the six months ended 30 June 2009 is set out in "Financial Information — Profit estimate for the six months ended 30 June 2009".

A. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the profit estimate are consistent in all material respects with those adopted by the Group as set out in "*Appendix I — Accountants' Report*".

The profit estimate has been prepared based on the audited consolidated results of the Group for the three months ended 31 March 2009 and an estimate of the consolidated results of the Group for the remaining three months ended 30 June 2009.

The Group experiences seasonality in its business, particularly in its cement and modern building materials segments. Higher monthly average revenue from cement and modern building materials businesses are typically recorded for the period from April to November relative to the monthly average revenue from December to March. This seasonality is primarily attributed to the effect of winter weather on construction, cement and modern building materials production operations in northern China and to the effect of the Chinese New Year which generally occurs in the early months of each calendar year. As a result, the Group's revenue and results in the second half of a year normally account for more than 50% of the Group's annual revenue and results in a year. Therefore investors should consider the effect of seasonality when assessing the profit estimate for the six months ended 30 June 2009.

B. PRINCIPAL ASSUMPTIONS FOR THE PROFIT ESTIMATE

The principal assumptions adopted by the directors of the Company (the "Directors") in preparing the profit estimate are as follows:

- The projected market values of the investment properties of the Group as at 30 June 2009 are estimated by the Directors as supported by a market research from Savills Valuation and Professional Services Limited ("Savills"), an independent property valuer, by the investment approach and direct comparison approach, which is consistent with the basis of valuation which has been adopted by Savills in valuing the properties of the Group intended for lease purposes as set out in "*Appendix IV — Property Valuation*"; and

- Major contracts on the sales and leases of properties will not be cancelled, nor will the actual construction costs vary significantly from the signed contracts or the budget in any way that is more significant than historical experience.

Bases and assumptions on estimated fair value gains on investment properties

The estimated profit of RMB669.5 million, net of estimated fair value gains on our investment properties (net of deferred tax effect) of approximately RMB123.1 million, is approximately RMB546.4 million. Such fair value gains on our investment properties have been estimated on the basis of projected valuations at 30 June 2009 according to a basis of valuation that is, as far as practicable, consistent with the basis of valuation which has been adopted by our independent property valuer in valuing our properties as set out in "*Appendix IV — Property Valuation*".

We have adopted the investment approach, whereby the existing net rental income of all lettable units of a property is capitalised for the respective unexpired terms of contractual tenancies while vacant units are assumed to be let at their respective market rents as at the valuation date. Upon expiry of the existing tenancies, each unit is assumed to be let at its market rent as at the valuation date, which is in turn capitalised for the unexpired leasehold term under which the property is held. The summation of the capitalised value of the term income for the leased portion, the capitalised value of the reversion income (i.e. market rental income) as appropriately deferred for the leased portion and the capitalised value for the vacant portion provides the market value of property.

We have also employed the direct comparison method as a cross check to the market value as derived from income capitalisation approach. Under the direct comparison approach, reference is made to recent comparable sale transactions with adjustments made for size, location, time, amenities and other relevant factors when comparing such sales against the investment properties.

Other material assumptions we have adopted are: (i) Global Trade Centre Phase 3 was completed at the projected costs and (ii) income generated by the disposal of certain investment properties will be recognised.

Changes in the fair value of our investment properties rely on market conditions and factors that are beyond our control at the relevant time. While we have considered for the purposes of the profit estimate what we believe is the best estimate of the fair value of our investment properties as at 30 June 2009, and our independent property valuer is of the view that the assumptions upon which the estimate is based are reasonable, the fair value of our investment properties and/or any fair value gains or losses on investment properties as at the relevant time may differ materially from (and may be materially higher or lower than) our estimate.

Under HKFRS, gains or losses arising from changes in the fair values of investment properties are included in the period in which they arise. Our profit may be substantially affected by such changes in fair values. For further details, see *"Risk Factors — Risks Relating to the Global Offering — Our estimated profit attributable to owners of the Company for the six months ended 30 June 2009 involves gains that may arise on revaluation of our investment properties, and our profit estimate involves estimates and assumptions in this regard as well as other assumptions and estimates which may prove to be incorrect"*.

Net fair value gains on investment properties by properties

The estimated profit of RMB669.5 million for the six months ended 30 June 2009 includes the estimated fair value gains on investment properties. The estimated fair value gains on investment properties for the six months ended 30 June 2009 is approximately RMB164.1 million, and when net of deferred tax effect, is approximately RMB123.1 million. No cash inflow will be generated from any such fair value gains. A significant portion of the estimated fair value gains on investment properties in the six months ended 30 June 2009 are attributable to Global Trade Centre Phase 3, the estimated fair value gain of which is approximately RMB193.0 million, partially offset by losses from other properties.

Sensitivity analysis

The following table illustrates the sensitivity of the estimated profit attributable to owners of the Company to levels of decrease in the amount of net fair value gains on investment properties (net of deferred tax effect) for the six months ended 30 June 2009:

Decrease in the amount of net fair value gains on investment properties	Reduction in profit estimate for the six months ended 30 June 2009
	(RMB in million)
5%	6.2
7%	8.6
9%	11.1

This sensitivity illustration is intended for reference only, and any variation could be different from and could exceed or fall short of the ranges given. Investors should note in particular that (i) this sensitivity illustration is not intended to be exhaustive and is limited to the impact of changes in the level of revaluation of investment properties and (ii) the profit estimate is subject to further and additional uncertainties generally.

While we have considered for the purposes of the profit estimate what we believe is the best estimate of the net fair value gains on our investment properties for the period ended 30 June 2009, the actual fair value gains or losses on our investment properties for that period may differ materially from our estimate and is dependent on market conditions and other factors that are beyond our control. For further details, see "*Risk Factors — Risks Relating to the Global Offering — Our estimated profit attributable to owners of the Company for the six months ended 30 June 2009 involves gains that may arise on revaluation of our investment properties, and our profit estimate involves estimates and assumptions in this regard as well as other assumptions and estimates which may prove to be incorrect*".

C. LETTER FROM THE REPORTING ACCOUNTANTS

The following is text of a letter received from Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus, in connection with the estimate of the consolidated profit attributable to owners of the Company for the six months ended 30 June 2009.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

17 July 2009

The Directors
BBMG Corporation
UBS AG, Hong Kong Branch

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the estimate of the consolidated profit attributable to owners of BBMG Corporation (the "Company", together with its subsidiaries, collectively the "Group") for the six-month period ended 30 June 2009 (the "Profit Estimate") as set out in the section headed "Financial Information — Profit estimate for the six months ended 30 June 2009" in the prospectus of the Company dated 17 July 2009 (the "Prospectus"), for which the directors of the Company (the "Directors") are solely responsible. The Profit Estimate has been prepared by the Directors based on the audited consolidated results of the Group for the three-month period ended 31 March 2009 and an estimate of the consolidated results of the Group for the three-month period ended 30 June 2009.

In our opinion, the Profit Estimate, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the Directors as set out in "*Appendix III — Profit Estimate*" in the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our Accountants' Report dated 17 July 2009 which is set out in Appendix I to the Prospectus.

Without qualifying our opinion above, we draw to your attention that the Directors have disclosed in "*Appendix III — Profit Estimate — B. Principal assumptions for the profit estimate*" in the Prospectus that in preparing the Profit Estimate, the Directors have assumed that there will be net fair value gains on revaluation of investment properties, net of deferred tax effect, of approximately RMB123.1 million which is estimated by the Directors based on projected valuations at 30 June 2009 according to a basis of valuation which is, as far as practicable, consistent with the basis of valuation which has been adopted by the Group's independent property valuer in valuing the properties for the purposes of the audited consolidated financial information of the Group for the year ended 31 December 2008 and the three-month period ended 31 March 2009. While the Directors believe this is the best estimate of the net fair value gains on the investment properties for the six-month period ended 30 June 2009, and the independent property valuer is of the view that the assumptions upon which the Profit Estimate is based are reasonable, the fair value of the investment properties and/or any fair value gains or losses on investment properties as at the relevant time may differ materially from their estimate. Should the actual increase or decrease in fair value of the investment properties differ from the amount estimated by the Directors, such difference would have the effect of increasing or decreasing the estimated consolidated profit attributable to owners of the Company for the six-month period ended 30 June 2009.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

D. LETTER FROM THE SPONSOR

The following is the text of a letter prepared for inclusion in this prospectus by the Sponsor in connection with the profit estimate of our Group for the six months ended 30 June 2009.

UBS Investment Bank

52nd Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

17 July 2009

The Directors
BBMG Corporation

Dear Sirs

We refer to the estimate of the consolidated profit attributable to the owners of BBMG Corporation (the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2009 (the "Profit Estimate") as set out in the section entitled "*Financial Information*" in the prospectus issued by the Company dated 17 July 2009 (the "Prospectus").

We understand that the Profit Estimate has been prepared by the directors of the Company based on the audited results of the Group for the three months ended 31 March 2009 and an estimate of the consolidated results of the Group for the remaining three months ended 30 June 2009.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in Appendix III to the Prospectus upon which the Profit Estimate has been made. We have also considered the letter dated 17 July 2009 addressed to yourselves and ourselves from Ernst & Young, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the bases of the accounting policies and calculations adopted by you and reviewed by Ernst & Young, Certified Public Accountants, Hong Kong, we are of the opinion that the Profit Estimate, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For and on behalf of
UBS AG, Hong Kong Branch

Henry Cai
Managing Director
Chairman of Investment Banking Asia

Patrick Tsang
Executive Director

The following is the text of a letter, summary of values and valuation certificate, prepared for inclusion in this prospectus received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their valuations as at 31 May 2009 of the property interests of the Group.

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T : (852) 2801 6100
F : (852) 2530 0756

EA Licence: C-023750
savills.com

17 July 2009

The Directors
BBMG Corporation
No. 36, North Third Ring East Road,
Dongcheng District
Beijing 100013

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which BBMG Corporation (the "Company") and its subsidiaries (hereinafter referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such properties as at 31 May 2009 ("date of valuation") for inclusion in this prospectus.

Our valuation of each of the properties represent our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In valuing the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land premium payable has already been fully paid. We have also assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted right to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In valuing the industrial properties in Group I, which are held for owner occupation by the Group in the PRC, due to the nature of the buildings and structures that were constructed, there are no readily identifiable market comparables, and the buildings and structures cannot be valued on the basis of direct comparison. They have therefore been valued on the basis of their depreciated replacement costs. We would define depreciated replacement cost for these purposes to be our opinion of the land value in its existing use and an estimate of the new replacement costs of the buildings and structures, including professional fees and finance charges, from which deductions are then made to allow for age, physical and functional obsolescence. The depreciated replacement cost approach generally provides the most reliable indication of value for property in the absence of a known market based on comparable sales. In valuing the remaining properties in Groups I and VII, we have adopted the direct comparison approach by making reference to the comparable market transactions assuming sale with the benefit of vacant possession.

In valuing the properties in Groups II, III, V, VI and VIII, which are held by the Group under development or held by the Group for future development in the PRC, we have valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

In valuing the properties in Group IV, which are held by the Group for sale in the PRC, we have valued such properties by the direct comparison approach assuming sale of such properties in their existing state by making reference to comparable sales transactions as available in the relevant market.

In valuing the properties in Group IX, which are held by the Group for investment in the PRC, we have made reference to the comparable market transactions as available in the market and where appropriate, on the basis of capitalization of net incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the properties.

In valuing the properties in Group X, which are rented by the Group in the PRC, we have attributed no commercial value to these properties mainly due to the short-term nature, prohibitions against subletting/ assignment or otherwise due to the lack of substantial profit rents.

We have been provided with copies of documents relating to the titles to the properties. We have not, however, inspected the original documents to verify ownership or to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a considerable extent on information given by the Group and its PRC legal adviser on PRC laws, Haiwen & Partners, regarding the titles to the properties. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development proposals, expended and outstanding construction costs, estimated completion dates, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to our valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

We have inspected the exterior and, wherever possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made, we are therefore unable to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services. We have not carried out investigations on site to determine the suitability of the ground conditions and the service etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practise Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, The RICS Appraisal and Valuation Standards (Sixth Edition) published by The Royal Institution of Chartered Surveyors and The HKIS Valuation Standards on Property (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all money amounts are stated in Renminbi.

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCIArb RPS(GP)
Managing Director

Enc.

Note: Charles C K Chan, Chartered Estate Surveyor, has about 24 years' experience in the valuation of properties in Hong Kong and has about 19 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
Group I — Properties held by the Group's Cement and Building Material Business for owner occupation and leasing in the PRC				
1.	An industrial complex located at No. 20 Guanzhuang Xili, Chaoyang District, Beijing, PRC	11,300,000	100%	11,300,000
2.	Various buildings located at No. 71 Xinhua Main Street, Tongzhou District, Beijing, PRC	31,900,000	100%	31,900,000
3.	An industrial complex located at No. 8 Dongtiejiangying Shunyitiao, Fengtai District, Beijing, PRC	20,500,000	100%	20,500,000
4.	An industrial complex located at No. 4 Dahongmen West Road, Fengtai District, Beijing, PRC	148,700,000	100%	148,700,000
5.	An industrial complex located at Qinghe Anning Village, Haidian District, Beijing, PRC	75,900,000	100%	75,900,000
6.	An industrial complex located at No. 8 Jiancaicheng East Road, Xisanqi, Haidian District, Beijing, PRC	91,000,000	100%	91,000,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
7.	An industrial complex located at Zhongxingzhuang Village, Yinghai Town, Daxing District, Beijing, PRC	74,200,000	100%	74,200,000
8.	An industrial complex located at Dazhuang Village, Huangcun Town, Daxing District, Beijing, PRC	204,200,000	100%	204,200,000
9.	An industrial complex located at No. 19 Dahongmen Xili, Fengtai District, Beijing, PRC	27,000,000	100%	27,000,000
10.	An industrial complex located at Production District Nos. 1 and 2, No. 2 Gaojing, Chaoyang District, Beijing, PRC	139,300,000	100%	139,300,000
11.	An industrial complex located at North of Xiangshuipu Village, Xiahuayuan District, Zhangjiakou, Hebei Province, PRC	21,600,000	100%	21,600,000
12.	An industrial complex located at No. 2 Jiancaicheng West Road, Haidian District, Beijing, PRC	49,000,000	100%	49,000,000
13.	An industrial complex located at District Nos. 2, 3 and 4, Xisanqi Jiancaicheng, Haidian District, Beijing, PRC	283,400,000	100%	283,400,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
14.	An industrial complex located at Dongtieying, Fengtai District, Beijing, PRC	29,100,000	100%	29,100,000
15.	An industrial complex located at Xibeiwang Town, North of Liangjiadian Village, Haidian District, Beijing, PRC	316,400,000	100%	316,400,000
16.	An industrial complex located at Zhuanchang Village, Liyuan Town, Tongzhou District, Beijing, PRC	247,000,000	100%	247,000,000
17.	An industrial complex located at Tongge Industrial Zone, Yian Town, Luquan, Hebei Province, PRC	355,900,000	85.08%	302,799,720
18.	An industrial complex located at West of Zijing Road North Portion, Gongyi, Henan Province, PRC	23,800,000	57%	13,566,000
19.	An industrial complex located at Liulihe Area, Fangshan District, Beijing, PRC	386,400,000	100%	386,400,000
20.	Various buildings located at No. 69 Jinding North Road, Shijingshan District, Beijing, PRC	133,800,000	100%	133,800,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
21.	An industrial complex located at Gaojing, Shijingshan District, Beijing, PRC	144,900,000	100%	144,900,000
22.	An industrial complex located at Dongzhuang Village, East of Xiaan Road, Xiadian Town, Dachang, Hebei province, PRC	135,400,000	100%	135,400,000
23.	An office building located at District No. 2, Xiaohuangzhuang, Dongcheng District, Beijing, PRC	92,100,000	100%	92,100,000
24.	An industrial complex located at South of Wangjiadong Village, Zanhuang County, Shijiazhuang, Hebei Province, PRC	101,000,000	86.67%	87,536,700
25.	Tower 17, Zone 1, Ganluyuan Nanli, Chaoyang District, Beijing, PRC	24,600,000	100%	24,600,000
26.	An office building located at No. B88 Dongdan North Street, Dongcheng District, Beijing, PRC	2,210,000	100%	2,210,000
27.	An industrial building located at Jianzhong Road, Xisanqi Jiancaicheng, Haidian District, Beijing, PRC	230,100,000	100%	230,100,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
28.	A commercial unit of a building located at Tower 23, Zone 1, Ganluyuan Nanli Chaoyang District, Beijing, PRC	3,300,000	100%	3,300,000
29.	Various office units and ancillary facilities of Tengda Plaza, No. 8 Houerligou, South of Xizhimenwai Main Street, Haidian District, Beijing, PRC	44,700,000	100%	44,700,000
30.	Various office units and ancillary facilities of Jianda Plaza, No. 14 Dongtucheng Road, Chaoyang District, Beijing, PRC	167,500,000	100%	167,500,000
31.	Various office units and ancillary facilities of Global Trade Centre Phase 1, No. 36 North 3rd Ring East Road, Dongcheng District, Beijing, PRC	214,300,000	100%	214,300,000
32.	Various office units and ancillary facilities of Jinyu Mansion, No. A129 Xuanwumen West Main Street, Xicheng District, Beijing, PRC	110,400,000	100%	110,400,000
33.	Various office units and ancillary facilities of a commercial building located at No. A2 Tiyuguan West Road, Chongwen District, Beijing, PRC	10,500,000	100%	10,500,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
34.	Various office and commercial units of City One, No. 48 Wangjing West Road, Chaoyang District, Beijing, PRC	127,300,000	100%	127,300,000
35.	Various commercial units of Peninsula International, Xiajiayuan, Chaoyang District, Beijing, PRC	30,800,000	100%	30,800,000
36.	Various office units and ancillary facilities of Jiandongyuan Garden, Guanzhuang Xili, Chaoyang District, Beijing, PRC	2,400,000	100%	2,400,000
37.	Various office units and ancillary facilities of Global Trade Centre Phase 2, No. A9 Xiaohuangzhuang Road, Dongcheng District, Beijing, PRC	118,500,000	100%	118,500,000
38.	Various commercial units of Jinyu Elegancy City, No. 15 Garden, Nanhu South Road, Chaoyang District, Beijing, PRC	63,300,000	100%	63,300,000
39.	Various buildings located at No. 9 Xinyong Beili, Chongwen District, Beijing, PRC	800,000	100%	800,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
40.	An industrial complex located at Xisanqi Jiancaicheng, Haidian District, Beijing, PRC			No commercial value
41.	An industrial building located at No. 17 Yaxin Road, Doudian Town, Fangshan District, Beijing, PRC			No commercial value
42.	An industrial complex located at East of Xiaoying Village, North of Machikou Town, Changping District, Beijing, PRC			No commercial value
43.	A commercial building located at No. A9 Xiaohuangzhuang Road, Dongcheng District, Beijing, PRC			No commercial value
44.	Room 502, Block B, Shijibaoding, No. 9 Dingcheng Road, Chaoyang District, Beijing, PRC			No commercial value
45.	An office unit of a complex building located at Ganluyuan Nanli, Chaoyang District, Beijing, PRC			No commercial value

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
46.	An office building located at District No. 1, Ganluyuan Nanli, Chaoyang District, Beijing, PRC			No commercial value
47.	An industrial building located at Dongdamochang Street, Chongwen District, Beijing, PRC			No commercial value
	Sub-total:	4,294,510,000	*Sub-total:*	4,217,712,420

Group II — Properties held by the Group's Cement and Building Material Business under development in the PRC

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
48.	An industrial building located at No. 1 Chezhanqian Street, Liulihe Area, Fangshan District, Beijing, PRC	16,100,000	100%	16,100,000
49.	An industrial building located at East of Xiaoying Village, North of Machikou Town, Changping District, Beijing, PRC			No commercial value
50.	An industrial complex located at Dongjiaodongdui, Yian Town, Luquan, Hebei Province, PRC	117,200,000	85.08%	99,713,760
	Sub-total:	133,300,000	*Sub-total:*	115,813,760

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)

Group III — Properties held by the Group's Cement and Building Material Business for future development in the PRC

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
51.	A parcel of land located at No. 4 Dahongmen West Road, Fengtai District, Beijing, PRC	22,700,000	100%	22,700,000
52.	A parcel of land located at No. 2 Liuliqu Main Street, Mentougou District, Beijing, PRC	10,700,000	100%	10,700,000
53.	4 parcels of land located at South of Dandian West Village, Chaoyang District, Beijing, PRC	177,100,000	100%	177,100,000
54.	A parcel of land located at South Court, No. 1 Xifu Village, Jinding Street, Shijingshan District, Beijing, PRC			No commercial value
55.	4 parcels of land located at North of Taihang West Road, Fengfengkuang District, Handan, Hebei Province, PRC	68,700,000	33.33%	22,897,710
	Sub-total:	279,200,000	*Sub-total:*	233,397,710

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
Group IV — Properties held by the Group's Real Estate Business for sale in the PRC				
56.	Various residential units of Baohua Home, Shazikou Road, Chongwen District, Beijing, PRC	16,500,000	100%	16,500,000
57.	Various residential and commercial units of Ganluqingyuan Garden, Ganluyuan Nanli, Chaoyang District, Beijing, PRC	10,900,000	100%	10,900,000
58.	Various residential and commercial units of Jiaye Mansion, Songjiazhuang, Fengtai District, Beijing, PRC	36,400,000	100%	36,400,000
59.	Various residential units and underground carparks of City One, Huajiadi Xili, Chaoyang District, Beijing, PRC	30,800,000	100%	30,800,000
60.	Various residential units of Nanhu Residential District Renovation Project, Nanhuqu, Chaoyang District, Beijing, PRC	85,000,000	100%	85,000,000
61.	Various residential and commercial units and ancillary facilities of CBD Central Apartments, No. 31 Guangqumenwai Main Street, Chaoyang District, Beijing, PRC	86,000,000	100%	86,000,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
62.	Various residential and commercial units of Chaoyang New City, Dongba Village, Chaoyang District, Beijing, PRC	115,000,000	100%	115,000,000
63.	Various residential units and carparks of Tiantan Kungkuan Xingfu Main Street, Chongwen District, Beijing, PRC	121,000,000	100%	121,000,000
64.	Two residential units of Jiandongyuan Garden, Guanzhuang, Chaoyang District, Beijing, PRC	499,000	100%	499,000
65.	Various residential units of Shuanghui Living District, Shuangqiao Road, Chaoyang District, Beijing, PRC	6,720,000	100%	6,720,000
66.	Various residential and commercial units of Jianxinyuan Garden, Dahongmen West Road, Fengtai District, Beijing, PRC	119,000,000	100%	119,000,000
67.	Various residential units of Xicuifangting Garden, Qingta Dongli, Fengtai District, Beijing, PRC	12,600,000	100%	12,600,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
68.	Various office units and carparks of Jiahua Plaza, Shangdi Gongmaoyuan, Haidian District, Beijing, PRC	4,820,000	100%	4,820,000
69.	Various residential and commercial units of Jinyu Town-House, Tiancun Liumingjiayuan, Haidian District, Beijing, PRC	260,000,000	100%	260,000,000
70.	Various residential units of Miaopu Housing Renovation Project, No. 6 Linhong Road, Fengtai District, Beijing, PRC	38,500,000	100%	38,500,000
71.	Various residential units of BBMG 7090, South of Qiaozhuang Village, Tongzhou District, Beijing, PRC	313,000,000	100%	313,000,000
72.	Various residential units of Jinyu Meiheyuan, Qinghe Xiaoying, Haidian District, Beijing, PRC	230,000,000	100%	230,000,000
73.	Various residential units and carparks of Jinyu Fenglinzhou, No. 265 Yaojiayuan Xikou, Chaoyang District, Beijing, PRC	256,000,000	100%	256,000,000
	Sub-total:	1,742,739,000	*Sub-total:*	1,742,739,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)

Group V — Properties held by the Group's Real Estate Business under development in the PRC

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
74.	Various residential buildings of Jinyu Vanke City, Changping Kejzyuan, Changping District, Beijing, PRC	608,000,000	51%	310,080,000
75.	Various residential buildings of Chaoyang New City, Dongba Village, Chaoyang District, Beijing, PRC	47,200,000	100%	47,200,000
76.	Various residential buildings of Jinyu Meiheyuan, Qinghe Xiaoying, Haidian District, Beijing, PRC	399,000,000	100%	399,000,000
77.	Various residential buildings of Shuanghui Living District, Shuangqiao Road, Chaoyang District, Beijing, PRC	381,000,000	100%	381,000,000
78.	An office building of Jinyu Dongan Kungkuan, Shuangqiao Road, Chaoyang District, Beijing, PRC	235,000,000	100%	235,000,000
79.	Various residential buildings of Jinyu Town-House, Tiancun Liumingjiayuan, Haidian District, Beijing, PRC	457,000,000	100%	457,000,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
80.	Various residential buildings of BBMG 7090, South of Qiaozhuang Village, Tongzhou District, Beijing, PRC	507,000,000	100%	507,000,000
81.	Various residential buildings of Jinyu Lijingyuan, Changying, Chaoyang District, Beijing, PRC	538,000,000	100%	538,000,000
82.	Various residential buildings of Jinyu Guanlan Times, Economic Technique Development Zone, Hangzhou, Zhejiang Province, PRC	119,000,000	80%	95,200,000
83.	Various residential buildings of Jinyu Times Constellation, West of Tengfei Road, Ruyi Development Zone, Hohhot, Inner Mongolian Autonomous Region, PRC	162,000,000	100%	162,000,000
84.	Various residential buildings of Jinding Street Residential Project, Jinding Street, Shijingshan District, Beijing, PRC	58,000,000	100%	58,000,000
	Sub-total:	3,511,200,000	*Sub-total:*	3,189,480,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
Group VI — Properties held by the Group's Real Estate Business for future development in the PRC				
85.	The proposed Jinyu Times Constellation, West of Tengfei Road, South of Yuanyi Road, Ruyi Development Zone, Hohhot, Inner Mongolian Autonomous Region, PRC	296,000,000	100%	296,000,000
86.	The proposed Jinyu Guanlan Times, Economic Technique Development Zone, Hangzhou, Zhejiang Province, PRC	454,000,000	80%	363,200,000
87.	The proposed Chaoyang New city, Dongba Village, Chaoyang District, Beijing, PRC	679,000,000	100%	679,000,000
88.	The proposed Jinyu Town-House, Tiancun Liumingjiayuan, Haidian District, Beijing, PRC	151,000,000	100%	151,000,000
89.	The proposed Blocks 2 to 5 of Baohua Homes, No. 2 Baohua Dongli, Shazikou, Chongwen District, Beijing, PRC	127,000,000	100%	127,000,000
90.	The proposed commercial buildings of Jinyu Lijingyuan, Changying, Chaoyang District, Beijing, PRC	290,000	100%	290,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
91.	The proposed Jinyu Jiaheyuan, Shahe, Changping District, Beijing, PRC	100,000,000	100%	100,000,000
92.	The proposed Jinyu Vanke City, Changping Kejiyuan, Changping District, Beijing, PRC	694,000,000	51%	353,940,000
93.	The proposed Shuanghui Living District, Shuangqiao Road, Chaoyang District, Beijing, PRC	73,800,000	100%	73,800,000
94.	The proposed Commercial Portions, Chaoyang New City, Dongba Village, Chaoyang District, Beijing, PRC	644,000,000	100%	644,000,000
	Sub-total:	3,219,090,000	*Sub-total:*	2,788,230,000

Group VII — Properties held by the Group's other business for owner occupation in the PRC

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
95.	BBMG Fengshan Hot Spring Resort, Yingfang Village, Nanshao Town, Changping District, Beijing, PRC			No commercial value
96.	Jianyuan Hotel, No. 5 Beixinping Hutong, Xicheng District, Beijing, PRC	53,200,000	100%	53,200,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
97.	Daihai Resort, Wusumu Village, Daihai Town, Liangcheng County, Inner Mongolia Autonomous Region, PRC	26,000,000	100%	26,000,000
	Sub-total:	79,200,000	*Sub-total:*	79,200,000

Group VIII — Property held by the Group's other business under development in the PRC

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
98.	Global Trade Centre Phase 4, No. 2 Andingmenwai Main Street, Dongcheng District, Beijing, PRC	2,132,000,000	100%	2,132,000,000
	Sub-total:	2,132,000,000	*Sub-total:*	2,132,000,000

Group IX — Properties held by the Group for investment in the PRC

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
99.	Various commercial units, carparks and ancillary facilities of Jianhong Mansion, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, PRC	181,270,000	100%	181,270,000
100.	Various office and commercial units, carparks and ancillary facilities of Tengda Plaza, No. 8 Houerligou, South of Xizhimenwai Main Street, Haidian District, Beijing, PRC	926,180,000	100%	926,180,000
101.	Various commercial units of Shuanghui Garden, Shuangqiao Road, Chaoyang District, Beijing, PRC	15,320,000	100%	15,320,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
102.	A commercial unit of Jiaye Mansion, No. 6 South 3rd Ring Road East, Fengtai District, Beijing, PRC	68,620,000	100%	68,620,000
103.	Various commercial units of Beijing Building Material Trading Tower, No. 14 Dongtucheng Road, Chaoyang District, Beijing, PRC	462,860,000	100%	462,860,000
104.	Various office units and carparks of Jianda Plaza, No. 14 Dongtucheng Road, Chaoyang District, Beijing, PRC	350,880,000	100%	350,880,000
105.	Various commercial units of Ganlu Qingyuan Garden, Ganluyuan Nanli, Chaoyang District, Beijing, PRC	41,110,000	100%	41,110,000
106.	Various office units of Xisanqi Office Building, Zhong Road, Xisanqi Jiancaicheng, Haidian District, Beijing, PRC	53,600,000	100%	53,600,000
107.	Various office and commercial units and carparks of Global Trade Centre Phase 1, No. 36 North 3rd Ring Road East, Dongcheng District, Beijing, PRC	1,545,110,000	100%	1,545,110,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
108.	Various office and commercial units, carparks and ancillary facilities of Jinyu Mansion, No. A129 Xuanwumen West Main Street, Xicheng District, Beijing, PRC	522,430,000	100%	522,430,000
109.	Various commercial units of Jinyu Elegancy City, No. 15 Garden, Nanhu South Road, Chaoyang District, Beijing, PRC	148,290,000	100%	148,290,000
110.	Various commercial units of City One, No. 48 Wangjing West Road, Chaoyang District, Beijing, PRC	22,600,000	100%	22,600,000
111.	Various office units of Jiahua Plaza, No. 9 Shangdisan Street, Haidian District, Beijing, PRC	31,000,000	100%	31,000,000
112.	Various commercial units of Peninsula International, Xiajiayuan, Chaoyang District, Beijing, PRC	60,710,000	100%	60,710,000
113.	Various commercial units of Jiandongyuan Garden, Guanzhuang Xili, Chaoyang District, Beijing, PRC	65,500,000	100%	65,500,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
114.	Various office units of a office building located at No. A2 Tiyuguan West Road, Chongwen District, Beijing, PRC	10,360,000	100%	10,360,000
115.	Various office units of a commercial building located at No. 71 Xinhua Main Street, Tongzhou District, Beijing, PRC	31,840,000	100%	31,840,000
116.	Various office units of Chengyuan Building, Xisanqi Jiancaicheng, Haidian District, Beijing, PRC	164,730,000	100%	164,730,000
117.	Various office units of Beima Complex Building, Yinghai Village, Daxing County, Beijing, PRC	57,100,000	100%	57,100,000
118.	Various commercial units of Jianxinyuan Garden, Dahongmen West Road, Fengtai District, Beijing, PRC	15,490,000	100%	15,490,000
119.	Various office and commercial units, carparks and ancillary facilities of Global Trade Centre Phase 2, No. A9 Xiaohuangzhuang Road, Dongcheng District, Beijing, PRC	2,215,210,000	100%	2,215,210,000

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
120.	Various office and commercial units, carparks and ancillary facilities of Global Trade Centre Phase 3, No. A9 Xiaohuangzhuang Road, Dongcheng District, Beijing, PRC	643,620,000	100%	643,620,000
	Sub-total:	7,633,830,000	*Sub-total:*	7,633,830,000
Group X — Properties rented by the Group in the PRC				
121.	An industrial complex located at No. A1 Jiujingzhuang Road, Fengtai District, Beijing, PRC			No commercial value
122.	A commercial unit on Level 1, No. 64 Yongdingmenwai Main Street, Chongwen District, Beijing, PRC			No commercial value
123.	Level 1 of Hotel and extension (excluding telephone room, reception and storage), No. 64 Yongdingmenwai Main Street, Chongwen District, Beijing, PRC			No commercial value
124.	Portion of an industrial complex, located at District 1, Chaoxin Jiayuan Dongli, Chaoyang District, Beijing, PRC			No commercial value

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
125.	Various office units of Blocks A and B, No. A129 Xuanwumen West Main Street, Xicheng District, Beijing, PRC			No commercial value
126.	An office unit of Block B, No. A129 Xuanwumen West Main Street, Xicheng District, Beijing, PRC			No commercial value
127.	An office building located at No. 18 Shashichang Road, Haidian District, Beijing, PRC			No commercial value
128.	A commercial unit of Level 1, Beijing Hong Xing Mei Kai Long International Furniture Square, No. 113 Xisihuanzhong Road, Fengtai District, Beijing, PRC			No commercial value
129.	Exhibition Hall Nos. A8206 and 8207, Level 1, Beijing Hong Xing Mei Kai Long Shibo Furniture Square, No. 193 Dongsihuanzhong Road, Chaoyang District, Beijing, PRC			No commercial value
130.	Level 1, Building No. 3, Juranzhijia, No. 65 North 4th Ring East Road, Chaoyang District, Beijing, PRC			No commercial value

No.	Property	Market value in existing state as at 31 May 2009	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2009
		(RMB)	(%)	(RMB)
131.	Level 1, Jinyuan Building No. 2, Juranzhijia, No. 1 Yuanda Road, Haidian District, Beijing, PRC			No commercial value
132.	Unit 608, Level 6, Bei Kong Technology Building, No. 10 Baifuquan Road, Changping Technology Zone, Beijing, PRC			No commercial value
133.	Level 3, Hangzhou Wenhui Hotel, Hanzhou Economic Development Zone, Hangzhou, Zhejiang Province, PRC			No commercial value
134.	Level 1, Building No. 1, Yuquanyingdian, No. 58 South 3rd Ring West Road, Fengtai District, Beijing, PRC			No commercial value
	Sub-total:	Nil	*Sub-total:*	Nil
	Grand-total:	23,025,069,000	*Grand-total:*	22,132,402,890

Group I — Properties held by the Group's Cement and Building Material Business for owner occupation and leasing in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
1.	An industrial complex located at No. 20 Guanzhuang Xili, Chaoyang District, Beijing, PRC	The property comprises 10 buildings completed in between 1958 and 2008 and erected over 2 parcels of land with a total site area of approximately 13,556.08 sq.m. (145,918 sq.ft.). The buildings mainly include workshops, warehouse, offices and ancillary buildings. The total gross floor area of the property is approximately 4,694.79 sq.m. (50,535 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 28 April 2058 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, storage, office and ancillary uses.	RMB11,300,000 (100% interest attributable to the Group: RMB11,300,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing Jianji Assets Management Co., Ltd. ("Beijing Jianji"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0083	29 April 2008	4,982.24	Granted Land	NA	Industrial	30 March 2058
Jing Chao Guo Yong (2008 Chu) Di No. 0151	2 June 2008	8,573.84	Granted Land	NA	Industrial	28 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing Jianji. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Chao Quan Zi Di No. 03971	19 July 1990	30,237.90	NA	NA
Chao Quan Zi Di No. 02352	December 1989	1,971.90	NA	Industrial and Transportation
X Jing Fang Quan Zheng Chao Zi Di No. 612693	7 November 2008	780.99	NA	Storage

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 4,694.79 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use and lease the said buildings which are erected over a land with 20% of land premium paid. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled; and

   iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB1,301,383 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
2.	Various buildings located at No. 71 Xinhua Main Street, Tongzhou District, Beijing, PRC	The property comprises 10 buildings completed in between 1972 and 2003 and erected over a parcel of land with a site area of approximately 14,229.00 sq.m. (153,161 sq.ft.). The buildings mainly include shops, offices and ancillary buildings. The total gross floor area of the property is approximately 11,938.15 sq.m. (128,502 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 2 April 2048 for commercial use. (Please see details in Note 1)	The property is occupied by the Group for commercial, office and ancillary uses.	RMB31,900,000 (100% interest attributable to the Group: RMB31,900,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Jianji. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Tong Guo Yong (2008 Chu) Di No. 028	1 September 2008	14,229.00	Granted Land	NA	Commercial	2 April 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Jianji. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Tong Gu Zi Di No. 0802196	22 January 2008	16,886.07	NA	Commercial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 11,938.15 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. the Group is entitled to occupy, use or lease the said buildings. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled; and

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB5,943,896 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
3.	An industrial complex located at No. 8 Dongtiejiangying Shunyitiao, Fengtai District, Beijing, PRC	The property comprises 26 buildings completed in between 1979 and 2008 and erected over a parcel of land with a site area of approximately 16,230.60 sq.m. (174,706 sq.ft.). The buildings mainly include workshops, offices, storerooms and ancillary buildings. The total gross floor area of the property is approximately 17,058.60 sq.m. (183,619 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 9 May 2058 for industrial use. (Please see details in Note 1)	Portion of the property with a total gross floor area of approximately 6,754.00 sq.m. is subject to various tenancies with the latest one expiring on 31 December 2020 whilst the remaining portion is occupied by the Group for industrial, office, storage and ancillary uses.	RMB20,500,000 (100% interest attributable to the Group: RMB20,500,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Jianji. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2008 Chu) Zi Di No. 00178	21 June 2008	16,230.60	Granted Land	NA	Industrial	9 May 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Jianji. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Feng Gu Zi Di No. 05490	13 September 2007	20,147.00	NA	Industrial and Transportation

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 17,058.60 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. the Group is entitled to occupy, use or lease the said buildings. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled;

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled; and

iv. the said tenancy agreements are legal, valid and enforceable. The non-registration of the tenancy agreements do not affect the validity of the said tenancy agreements and the rights of leasing the property.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB2,077,516 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
4.	An industrial complex located at No. 4 Dahongmen West Road, Fengtai District, Beijing, PRC	The property comprises 39 buildings completed in between 1950 and 2003 and erected over 2 parcels of land with a total site area of approximately 194,343.00 sq.m. (2,091,908 sq.ft.). The buildings mainly include workshops, offices, storerooms, dormitories and ancillary buildings. The total gross floor area of the property is approximately 76,188.18 sq.m. (820,090 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 30 May 2058 for industrial use. (Please see details in Note 1)	Portion of the property with a total gross floor area of approximately 28,263.40 sq.m. and a total site area of approximately 124,568.35 sq.m. is subject to various tenancies with the latest one expiring on 7 July 2012 whilst the remaining portion is occupied by the Group for industrial, office, storage, accommodation and ancillary uses.	RMB148,700,000 (100% interest attributable to the Group: RMB148,700,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing Woodworking Factory Co., Ltd ("Woodworking Factory"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry date
Jing Feng Guo Yong (2008 Chu) Di No. 00249	27 August 2008	190,333.07	Granted Land	NA	Industrial	30 May 2058
Jing Feng Guo Yong (2008 Chu) Di No. 00129	13 May 2008	4,009.93	Granted Land	NA	Industrial	14 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of portion of the property with a total gross floor area of approximately 75,538.18 sq.m. is vested in Woodworking Factory. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Feng Zi Di No. 050896	3 September 2008	1,394.20	NA	Industrial
X Jing Fang Quan Zheng Feng Zi Di No. 050954	3 September 2008	654.00	NA	Planned Usage: Industrial Recorded Usage: Residential
X Jing Fang Quan Zheng Feng Zi Di No. 050955	3 September 2008	849.60	NA	Industrial
X Jing Fang Quan Zheng Feng Zi Di No. 050952	3 September 2008	3,202.53	NA	Industrial
X Jing Fang Quan Zheng Feng Zi Di No. 050956	3 September 2008	36.70	NA	Industrial
X Jing Fang Quan Zheng Feng Zi Di No. 050901	3 September 2008	12,998.83	NA	Industrial
X Jing Fang Quan Zheng Feng Zi Di No. 050939	3 September 2008	17,830.78	NA	Industrial
X Jing Fang Quan Zheng Feng Zi Di No. 050895	3 September 2008	1,332.50	NA	Industrial
X Jing Fang Quan Zheng Feng Zi Di No. 051056	3 September 2008	30,493.00	NA	Office and Industrial
Jing Fang Quan Zheng Gu Zi Di No. 05677	24 June 2008	6,746.04	NA	Dormitory and School

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. the Group is entitled to occupy, use or lease portion of the said buildings with a total gross floor area of approximately 75,538.18 sq.m.. The Group is not allowed to transfer, mortgage or dispose of such portion of the buildings until the outstanding land premium has been fully settled;

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings as stipulated in Notes 3i and ii after the land premium has been fully settled;

iv. the rights of occupation and use for the remaining portion of the said buildings with a gross floor area of approximately 650.00 sq.m., of which the Group has not obtained any Building Ownership Certificate, are not protected under the PRC laws and the Group may be forbidden to occupy and use such portion of the buildings;

v. the building ownership of the said buildings as stipulated in Note 3iv will be vested in the Group after the land premium has been settled in full and a Building Ownership Certificate having an identical owner name with the relevant Land Use Rights Certificate has been obtained; and

vi. the said tenancy agreements are legal, valid and enforceable. The non-registration of the tenancy agreements do not affect the validity of the said tenancy agreements and the rights of leasing the property.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB23,638,736 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
5.	An industrial complex located at Qinghe Anning Village, Haidian District, Beijing, PRC	The property comprises 39 buildings completed in between 1950 and 2005 and erected over a parcel of land with a site area of approximately 130,380.53 sq.m. (1,403,416 sq.ft.). The buildings mainly include workshops, offices, storerooms and ancillary buildings. The total gross floor area of the property is approximately 43,699.38 sq.m. (470,380 sq.ft.). The land use rights of the property have been authorized to the Group to operate for a term expiring on 6 June 2050 for industrial use. (Please see details in Note 1)	Portion of the property with a total gross floor area of approximately 27,388.22 sq.m. and a site area of approximately 21,778.60 sq.m. is subject to various tenancies with the latest one expiring on 31 December 2009 whilst the remaining portion is occupied by the Group for industrial, office, storage and ancillary uses.	RMB75,900,000 (100% interest attributable to the Group: RMB75,900,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been authorized to BBMG Corporation ("BBMG") to operate. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2007 Shou) Di No. 4280	29 November 2007	130,380.53	Authorized Land	NA	Industrial	6 June 2050

As advised by the Group's PRC legal adviser, the land premium has not been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of portion of the property with a total gross floor area of approximately 6,981.50 sq.m. is vested in Beijing Ceramics Plant Co., Ltd ("BJ Ceramics"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Hai Qi Geng Zi Di No. 0109921	17 December 2007	14,958.60	NA	NA

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 6,981.50 sq.m. as stipulated in the said Building Ownership Certificate.

3. Pursuant to the following Building Ownership Certificates, the building ownership of the remaining portion of the property with a total gross floor area of approximately 36,717.88 sq.m. is vested in BBMG. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Hai Gu Yi Zi Di No. 0110434	20 May 2008	24,515.13	NA	Industrial and Transportation
Jing Fang Quan Zheng Hai Gu Yi Zi Di No. 0110433	May 2008	7,020.30	NA	Industrial and Transportation
Jing Fang Quan Zheng Hai Gu Zi Di No. 0110571	04 July 2008	843.33	NA	Display Room
Jing Fang Quan Zheng Hai Gu Zi Di No. 0110573	04 July 2008	999.96	NA	Storage
Jing Fang Quan Zheng Hai Gu Zi Di No. 0110567	04 July 2008	2,031.58	NA	Industrial
Jing Fang Quan Zheng Hai Gu Zi Di No. 0110574	04 July 2008	997.71	NA	Storage
Jing Fang Quan Zheng Hai Gu Zi Di No. 0110559	04 July 2008	309.87	NA	Electricity Room

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy and use the said land use rights within the valid term as stipulated in the said Land Use Rights Certificate. The Group is entitled to invest and lease the said land use rights among the Parent Group. The Group is only entitled to transfer or to change the usage of the said land use rights outside the Parent Group after the land premium has been fully paid and certain permits and approvals have been granted by the relevant PRC authorities. The Group is only entitled to lease or mortgage the said land use rights outside the Parent Group after certain permits and approvals have been granted by the relevant PRC authorities;

ii. the Group is allowed to invest and lease portion of the said buildings with a total gross floor area of approximately 36,717.88 sq.m. among the Parent Group. The Group is only entitled to transfer such portion of the buildings outside the Parent Group after the land premium has been fully paid and certain permits and approvals have been granted by the relevant PRC authorities. The Group is only entitled to lease or mortgage such portion of the buildings outside the Parent Group after certain permits and approvals have been granted by the relevant PRC authorities;

iii. the Group is entitled to use and occupy the remaining portion of the said buildings with a total gross floor area of approximately 6,981.50 sq.m. and is entitled to invest and lease such portion of the buildings among the Parent Group. With cooperation from the owner of the relevant land use rights and necessary approvals from the relevant PRC authorities, the Group is entitled to transfer or mortgage such portion of the buildings among the Parent Group. With necessary approvals from the relevant PRC authorities and payment of relevant land premium, the Group is entitled to transfer such portion of the buildings outside the Parent Group. With necessary approvals from the relevant PRC authorities, the Group is entitled to mortgage or lease such portion of the buildings outside the Parent Group; and

iv. the said tenancy agreements are legal, valid and enforceable. The non-registration of the tenancy agreements do not affect the validity of the said tenancy agreements and the rights of leasing the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
6.	An industrial complex located at No. 8 Jiancaicheng East Road, Xisanqi, Haidian District, Beijing, PRC	The property comprises 53 buildings completed in between 1970 and 2007 and erected over a parcel of land with a site area of approximately 105,598.13 sq.m. (1,136,658 sq.ft.). The buildings mainly include workshops, offices, storerooms and ancillary buildings. The total gross floor area of the property is approximately 33,493.00 sq.m. (360,519 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 27 April 2058 for industrial use. (Please see details in Note 1)	Portion of the property with a total gross floor area of approximately 6,769.00 sq.m. and a total site area of approximately 3,367.00 sq.m. is subject to various tenancies with the latest one expiring on 31 May 2012 whilst the remaining portion is occupied by the Group for industrial, office, storage and ancillary uses.	RMB91,000,000 (100% interest attributable to the Group: RMB91,000,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Keshi Hardware Co., Ltd ("Beijing Keshi"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2008 Chu) Di No. 4508	27 August 2008	105,598.13	Granted Land	NA	Industrial	27 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing Building Hardware Scientific Research and Experiment Plant (now named Beijing Keshi) and Beijing Keshi. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Hai Quan Zi Di No. 04613	4 December 1992	9,611.20	NA	Industrial and Transportation
Hai Quan Zi Di No. 04614	4 December 1992	8,479.30	NA	Industrial and Transportation
X Jing Fang Quan Zheng Shi Qi Zi Di No. 019456	July 2008	8,106.1	NA	NA

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Hai Qi Yi Zi Di No. 0110718	19 September 2008	6,823.50	NA	Industrial and Transportation
Jing Fang Quan Zheng Hai Qi Yi Zi Di No. 0110717	4 December 1992	6,363.50	NA	Industrial and Transportation

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 33,493.00 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said buildings. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled;

   iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled; and

   iv. the said tenancy agreements are legal, valid and enforceable. The non-registration of the tenancy agreements do not affect the validity of the said tenancy agreements and the rights of leasing the property.

4. As advised by the Group's PRC legal adviser, an outstanding premium of approximately RMB10,137,420 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
7.	An industrial complex located at Zhongxingzhuang Village, Yinghai Town, Daxing District, Beijing, PRC	The property comprises 11 buildings completed in between 1998 and 2002 and erected over 10 parcels of land with a total site area of approximately 85,881.58 sq.m. (924,429 sq.ft.). The buildings mainly include workshops, offices and ancillary buildings. The total gross floor area of the property is approximately 35,769.16 sq.m. (385,019 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring date in 2048 for industrial use. (Please see details in Note 1)	Portion of the property with a total gross floor area of approximately 32,432.09 sq.m. and a total site area of approximately 11,626.95 sq.m. is subject to various tenancies with the latest one expiring on 30 November 2024 whilst the remaining portion is occupied by the Group for industrial, office and ancillary uses.	RMB74,200,000 (100% interest attributable to the Group: RMB74,200,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing Malleable Steel Factory and Beijing Beima House Leasing Co., Ltd. (dissolved and merged into Beijing Great Wall Furniture Co., Ltd.) ("Great Wall Furniture"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Da Xing Guo Yong (Chu) Zi Di No. 111	30 July 1998	6,408.00	Granted Land	NA	Industrial	2048
Da Xing Guo Yong (1994) Chu Zi Di No. 029	14 December 1994	6,600.00	Granted Land	NA	Industrial	14 December 2044
Da Xing Guo Yong (Chu) Zi Di No. 063	20 February 1998	6,600.00	Granted Land	NA	Industrial	September 2046
Da Xing Guo Yong (Chu) Zi Di No. 064	20 February 1998	6,600.00	Granted Land	NA	Industrial	September 2046
Da Xing Guo Yong (Chu) Zi Di No. 114	30 July 1998	6,662.00	Granted Land	NA	Industrial	2048
Da Xing Guo Yong (Chu) Zi Di No. 113	30 July 1998	6,662.00	Granted Land	NA	Industrial	2048
Da Xing Guo Yong (Chu) Zi Di No. 112	30 July 1998	6,660.00	Granted Land	NA	Industrial	2048
Da Xing Guo Yong (Chu) Zi Di No. 065	20 February 1998	6,600.00	Granted Land	NA	Industrial	September 2046
Da Xing Guo Yong (Ji) Zi Di No. 498	5 May 1997	6,288.00	Granted Land	NA	Industrial	4 May 2047
Jing Xing Guo Yong (2008 Chu) Di No. 00111	8 October 2008	26,801.58	Granted Land	NA	Industrial	22 November 2044

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing Beima House Leasing Co., Ltd (dissolved and merged into Great Wall Furniture). Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Xing Gu Zi Di No. 00005681	16 May 2008	31,961.87	NA	Industrial
Jing Fang Quan Zheng Xing Gu Zi Di No. 00005674	18 April 2008	5,029.20	NA	Industrial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 35,769.16 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is only entitled to occupy, use or lease the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates. The Group is entitled to occupy, use, lease, transfer or mortgage the said land use rights after the transfer of legal title to Great Wall Furniture has been completed;

ii. the Group is only entitled to occupy, use or lease the said buildings within the valid terms as stipulated in the Land Use Rights Certificates. The Group is entitled to occupy, use, lease, transfer or mortgage the said buildings after the transfer of legal title to Great Wall Furniture has been completed;

iii. there is no substantial legal impediments for the said transfer of legal title; and

iv. the said tenancy agreements are legal, valid and enforceable. The non-registration of the tenancy agreements do not affect the validity of the said tenancy agreements and the rights of leasing the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
8.	An industrial complex located at Dazhuang Village, Huangcun Town, Daxing District, Beijing, PRC	The property comprises 102 buildings completed in between 1998 and 2009 and erected over a parcel of land with a site area of approximately 345,797.02 sq.m. (3,722,159 sq.ft.). The buildings mainly include workshops, offices, storerooms and ancillary buildings. The total gross floor area of the property is approximately 39,956.30 sq.m. (430,090 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 1 April 2058 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, office, storage and ancillary uses.	RMB204,200,000 (100% interest attributable to the Group: RMB204,200,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Light-Weight Building Materials Co., Ltd. ("Light-Weight"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Xing Guo Yong (2008 Chu) Di No. 00046	14 June 2008	345,797.02	Granted Land	NA	Industrial	1 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of portion of the property with a total gross floor area of approximately 37,642.30 sq.m. is vested in Light-Weight. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Xing Zi Di No. 010190	8 June 2008	37,642.30	NA	Industrial

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. the Group is entitled to occupy, use or lease portion of the said buildings with a total gross floor area of approximately 37,642.30 sq.m. The Group is not allowed to transfer, mortgage or dispose of such portion of the buildings until the outstanding land premium has been fully settled;

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings as stipulated in Notes 3i and ii after the land premium has been fully settled; and

iv. there is no substantial legal impediments for the Group to obtain Building Ownership Certificate for the remaining portion of the said buildings with a total gross floor area of approximately 2,314.00 sq.m. The Group is entitled to occupy or use but is not allowed to lease, transfer, mortgage or dispose of such portion of the buildings before the Building Ownership Certificate has been obtained.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB23,514,197 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
9.	An industrial complex located at No. 19 Dahongmen Xili, Fengtai District, Beijing, PRC	The property comprises 14 buildings completed in between 1970 and 1980 and erected over a parcel of land with a site area of approximately 35,417.92 sq.m. (381,238 sq.ft.). The buildings mainly include workshops, offices and ancillary buildings. The total gross floor area of the property is approximately 19,018.80 sq.m. (204,718 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 14 April 2058 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, office and ancillary uses.	RMB27,000,000 (100% interest attributable to the Group: RMB27,000,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Light-Weight. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2008 Chu) Di No. 00153	3 June 2008	35,417.92	Granted Land	NA	Industrial	14 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Light-Weight. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Feng Zi Di No. 063652	21 November 2008	19,018.80	NA	NA

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use and lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

    ii. the Group is entitled to occupy, use or lease the said buildings. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled; and

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB4,250,150 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
10.	An industrial complex located at Production Districts Nos. 1 and 2, No. 2 Gaojing, Chaoyang District, Beijing, PRC	The property comprises 76 buildings completed in between 1972 and 2007 and erected over 2 parcels of land with a total site area of approximately 253,237.17 sq.m. (2,725,845 sq.ft.). The buildings mainly include workshops, offices, storerooms and ancillary buildings. The total gross floor area of the property is approximately 33,956.11 sq.m. (365,504 sq.ft.). The land use rights of the property have been authorized to the Group to operate for various terms with the latest term expiring on 6 June 2050 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, office, storage and ancillary uses.	RMB139,300,000 (100% interest attributable to the Group: RMB139,300,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of portion of the property with a site area of approximately 121,479.33 sq.m. have been authorized to BBMG to operate. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2002 Shou) Di No. 0097	9 August 2007	121,479.33	Authorized land	NA	Industrial	6 June 2050

As advised by the Group's PRC legal adviser, the land premium has not been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Land Use Rights Certificate, the land use rights of the remaining portion of the property with a site area of approximately 131,757.84 sq.m. have been authorized to Beijing Star Building Materials Co., Ltd ("BSBM"), a wholly owned subsidiary of the Company to operate. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2002 Shou) Zi Di No. 0096	15 April 2002	131,757.84	Authorized Land	NA	Industrial	6 June 2050

As advised by the Group's PRC legal adviser, the land premium has not been paid for the above Land Use Rights Certificate.

3. Pursuant to the following Building Ownership Certificates, the building ownership of portion of the property with a total gross floor area of approximately 33,732.51 sq.m. is vested in BSBM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chao Qi 02 Zi Di No. 00323	7 November 2002	33,434.40	NA	Industrial and Transportation
X Jing Fang Quan Zheng Chao Zi Di No. 630652	15 January 2009	487.58	NA	Industrial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 33,732.51 sq.m. as stipulated in the said Building Ownership Certificates.

4. Pursuant to the following Building Ownership Certificate, the building ownership of the remaining portion of the property with a total gross floor area of approximately 223.60 sq.m. is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Zi Di No. 636285	2 February 2009	223.6	NA	Carpark

5. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy and use the said land use rights within the valid terms as stipulated in the said Land Use Rights Certificates. The Group is entitled to invest and lease the said land use rights among the Parent Group. The Group is only entitled to transfer or to change the usage of the said land use rights outside the Parent Group after the land premium has been fully paid and certain permits and approvals have been granted by the relevant PRC authorities. The Group is only entitled to lease or mortgage the said land use rights outside the Parent Group after certain permits and approvals have been granted by the relevant PRC authorities;

ii. the Group is allowed to invest and lease portion of the said buildings with a total gross floor area of approximately 29,943.93 sq.m. among the Parent Group. The Group is only entitled to transfer such portion of the buildings outside the Parent Group after the land premium has been fully paid and certain permits and approvals have been granted by the relevant PRC authorities. The Group is only entitled to lease or mortgage such portion of the buildings outside the Parent Group after certain permits and approvals have been granted by the relevant PRC authorities; and

iii. the Group is entitled to use and occupy the remaining portions of the said buildings with a total gross floor area of approximately 4,012.18 sq.m. The Group is entitled to invest and lease such portion of the buildings among the Parent Group. With cooperation from the owners of the relevant land use rights and necessary approvals from the relevant PRC authorities, the Group is entitled to transfer or mortgage such portion of the buildings among the Parent Group. With necessary approvals from the relevant PRC authorities and payment of relevant land premium, the Group is entitled to transfer such portion of the buildings outside the Parent Group. With necessary approvals from the relevant PRC authorities, the Group is entitled to mortgage or lease such portion of the buildings outside the Parent Group.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
11.	An industrial complex located at North of Xiangshuipu Village, Xiahuayuan District, Zhangjiakou, Hebei Province, PRC	The property comprises 15 buildings completed in between 2004 and 2007 and erected over 2 parcels of land with a total site area of approximately 39,428.33 sq.m. (424,407 sq.ft.). The buildings mainly include workshops, offices, storerooms and ancillary buildings. The total gross floor area of the property is approximately 9,437.65 sq.m. (101,587 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 5 November 2056 for industrial and storage uses. (Please see details in Note 1)	The property is occupied by the Group for industrial, storage and ancillary uses.	RMB21,600,000 (100% interest attributable to the Group: RMB21,600,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to BSBM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Zhang Shi Xia Guo Yong 2006 Di No. 001	16 January 2006	33,333.33	Granted Land	NA	Industrial	9 October 2053
Zhang Shi Xia Tu Guo Yong 2007 Di No. 001	15 February 2007	6,095.00	Granted Land	NA	Storage	5 November 2056

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BSBM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Zhang Fang Quan Zheng Xia Zi Zi Di No. 00000168	11 April 2006	1,230.24	NA	Office and Others
Zhang Fang Quan Zheng Xia Zi Zi Di No. 00000169	11 April 2006	4,383.60	NA	Industrial, Storage and Others
Zhang Fang Quan Zheng Xia Zi Zi Di No. 00000170	11 April 2006	432.41	NA	Industrial and Others
Zhang Fang Quan Zheng Xia Zi Zi Di No. 00000193	17 October 2007	3,391.43	NA	Industrial, Storage and Others

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 9,437.65 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
12.	An industrial complex located at No. 2 Jiancaicheng West Road, Haidian District, Beijing, PRC	The property comprises 3 buildings completed in 1994 and erected over a parcel of land with a site area of approximately 40,525.19 sq.m. (436,213 sq.ft.) The buildings mainly include workshops. The total gross floor area of the property is approximately 17,761.96 sq.m. (191,190 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 15 May 2058 for industrial use. (Please see details in Note 1)	Portion of the property with a total gross floor area of approximately 15,075.64 sq.m. is subject to various tenancies with the latest one expiring on 9 October 2028 whilst the remaining portion is occupied by the Group for industrial use.	RMB49,000,000 (100% interest attributable to the Group: RMB49,000,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Xinqing Property Management Co., Ltd. ("Beijing Xinqing"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2008 Chu) Di No. 4518	11 August 2008	40,525.19	Granted Land	NA	Industrial	15 May 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Xinqing. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Hai Zi Di No. 061646	12 November 2008	17,761.96	NA	Industrial and Transportation

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said buildings. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled;

   iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled; and

iv. the said tenancy agreements are legal, valid and enforceable. The non-registration of the tenancy agreements do not affect the validity of the said tenancy agreements and the rights of leasing the property.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB3,890,418 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
13.	An industrial complex located at District Nos. 2, 3 and 4, Xisanqi Jiancaicheng, Haidian District, Beijing, PRC	The property comprises 84 buildings completed in between 1970 and 2006 and erected over 11 parcels of land with a total site area of approximately 272,109.75 sq.m. (2,928,989 sq.ft.). The buildings mainly include workshops, offices, storerooms, dormitories and ancillary buildings. The total gross floor area of the property is approximately 97,484.50 sq.m. (1,049,323 sq.ft.). The land use rights of the property have been granted and allocated to the Group for various terms with the latest term expiring on 14 August 2071 for industrial, commercial, residential and composite uses. (Please see details in Note 1)	Portion of the property with a total gross floor area of approximately 135.00 sq.m. is subject to various tenancies with the latest one expiring on 30 November 2011 whilst the remaining portion is occupied by the Group for industrial, office, storage, accommodation and ancillary uses.	RMB283,400,000 (100% interest attributable to the Group: RMB283,400,000) (Please see details in Note 6)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of portion of the property with a total site area of approximately 157,742.91 sq.m. have been granted and allocated to Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd. ("Xisanqi High-Tech Building Materials"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2008 Chu) Di No. 4444	20 May 2008	2,296.97	Granted Land	NA	Industrial	2 April 2058
Jing Hai Guo Yong (2008 Chu) Zi Di No. 4500	2 July 2008	644.47	Granted Land	NA	Commercial	8 May 2048
Jing Hai Guo Yong (2008 Chu) Zi Di No. 4499	2 July 2008	850.63	Granted Land	NA	Commercial	8 May 2048
Shi Hai Guo Yong (2000 Chu) Zi Di No. 1278	27 April 2000	6,104.02	Granted Land	NA	Residential	24 January 2070
Jing Hai Guo Yong (2001 Chu) Zi Di No. 1800	9 November 2001	19,769.62	Granted Land	NA	Residential	14 August 2071
Jing Hai Guo Yong (2007 Chu) Zi Di No. 4115	15 June 2007	3,028.60	Granted Land	NA	Composite	10 May 2049
Jing Hai Guo Yong (2007 Chu) Zi Di No. 4119	15 June 2007	97,081.54	Granted Land	NA	Industrial	2 December 2046
Jing Hai Guo Yong (2003 Hua) Zi Di No. 2214	23 April 2004	63,979.36	Allocated Land	NA	Industrial	NA
Jing Hai Guo Yong (2008 Chu) Zi Di No. 4533	31 October 2008	21,216.39	Granted Land	NA	Industrial	16 June 2058

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2008 Zhuan) Di No. 4587	20 November 2008	5,589.99	Granted Land	NA	Industrial	24 January 2050

As advised by the Group's PRC legal adviser, Xiang Brand Walling is applying for the Land Use Rights Certificate — Jing Hai Guo Yong (2003 Hua) Zi Di No. 2214 in granted land status with a total site area of approximately 1,160.68 sq.m.

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificates — Jing Hai Guo Yong (2008 Chu) Di No. 4444, Jing Hai Guo Yong (2008 Chu) Zi Di Nos. 4499 and 4500 and Jing Hai Guo Yong (2003 Hua) Zi Di No. 2214 and 22% of the land premium has been paid for the above Land Use Rights Certificate — Jing Hai Guo Yong (2008 Chu) Zi Di No. 4533. The land premium has been fully paid for the above Land Use Rights Certificates — Shi Hai Guo Yong (2000 Chu) Zi Di No. 1278, Jing Hai Guo Yong (2001 Chu) Zi Di No. 1800, Jing Hai Guo Yong (2007 Chu) Zi Di Nos. 4115 and 4119 and Jing Hai Guo Yong (2008 Zhuan) Di No. 4587.

2. Pursuant to the following Land Use Rights Certificate, the land use rights of the remaining portion of the property with a total site area of approximately 114,366.84 sq.m. have been granted to Beijing Xiang Brand Walling Materials Co., Ltd. ("Xiang Brand Walling"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2009 Zhuan) Di No. 4676	24 March 2009	114,366.84	Granted Land	NA	Industrial	2 December 2046

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

3. Pursuant to the following Building Ownership Certificates, the building ownership of portion of the property with a total gross floor area of approximately 72,537.47 sq.m. is vested in Xisanqi High-Tech Building Materials. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Hai Qi Zi Di No. 048781	14 July 2008	2,848.36	NA	Commercial
X Jing Fang Quan Zheng Hai Qi Zi Di No. 034142	29 February 2008	1,042.55	NA	Commercial
X Jing Fang Quan Zheng Hai Qi Zi Di No. 034145	29 February 2008	77.75	NA	Commercial
X Jing Fang Quan Zheng Hai Qi Zi Di No. 033607	25 February 2008	77.75	NA	Commercial
X Jing Fang Quan Zheng Hai Qi Zi Di No. 033528	25 February 2008	80.72	NA	Commercial
Jing Fang Quan Zheng Hai Qi Yi Zi Di No. 0110261	10 March 2008	3,444.81	NA	Commercial
Jing Fang Quan Zheng Hai Qi Geng Zi Di No. 0102815	16 May 2007	11,138.30	NA	Office
Jing Fang Quan Zheng Hai Guo Geng Zi Di No. 0103006	21 May 2007	59,768.37	NA	Industrial and Transportation
Jing Fang Quan Zheng Hai Qi Yi Zi Di No. 0110732	26 September 2008	2,858.11	NA	Industrial

As advised by the Group, the property comprises parts of the buildings with a total gross floor area of approximately 72,537.47 sq.m. as stipulated in the said Building Ownership Certificates.

4. Pursuant to the following Building Ownership Certificates, the building ownership of the remaining portion of the property with a total gross floor area of approximately 24,947.03 sq.m. is vested in Beijing No. 1 Concrete Product Plant (now named Xiang Brand Walling) and Xiang Brand Walling, a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Hai Qi Yi Zi Di No. 0110818	20 November 2008	14,535.70	NA	Industrial and Transportation
Jing Fang Quan Zheng Hai Qi Yi Zi Di No. 0110819	20 November 2008	950.60	NA	Industrial and Transportation
Jing Fang Quan Zheng Hai Qi Yi Zi Di No. 0110820	20 November 2008	5,441.80	NA	Industrial and Transportation
Hai Quan Zi Di No. 04074	18 November 1991	15,034.00	NA	NA
X Jing Fang Quan Zheng Hai Zi Di No. 081616	4 May 2009	3,750.03	NA	Industrial

As advised by the Group, the property comprises parts of the buildings with a total gross floor area of approximately 24,947.03 sq.m. as stipulated in the said Building Ownership Certificates.

5. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of portion of the property with a total site area of approximately 245,940.61 sq.m. under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of such portion of the land use rights within the valid terms as stipulated in the Land Use Rights Certificates;

ii. the Group has obtained the land use rights of portion of the property with a total site area of approximately 25,008.46 sq.m. under the PRC laws and regulations and is entitled to occupy, use or lease such portion of the land use rights within the valid terms as stipulated in the Land Use Rights Certificates. The Group has paid 20% or 22% of the land premium and is not allowed to transfer, mortgage or dispose of such portion of the land use rights until the outstanding land premium has been fully settled;

iii. the Group has paid 20% of the land premium of the land use rights of portion of the property with a site area of approximately 1,160.68 sq.m. However, before the land premium has been fully paid and the Land Use Rights Certificate in granted land status has been obtained, the Group is not allowed to transfer, mortgage or dispose of such portion of the Land Use Rights. There is no substantial legal impediment for the Group to obtain the said Land Use Rights Certificate in granted land status;

iv. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of portion of the said buildings with a total gross floor area of approximately 73,439.14 sq.m.;

v. the Group is entitled to occupy, use or lease portion of the said buildings with a total gross floor area of approximately 2,848.36 sq.m. The Group has paid 20% or 22% of the land premium and is not allowed to transfer, mortgage or dispose of such portion of the buildings until the outstanding land premium has been fully settled;

vi. the Group is entitled to use, occupy and lease portion of the said buildings with a total gross floor area of approximately 20,928.10. The Group is entitled to transfer or mortgage such portion of the buildings owned by other subsidiary of the Group, provided that the owner of the said land use rights has fulfilled the commitment of coordinating the transaction and mortgage;

vii. the Group is entitled to occupy or use but is not allowed to transfer or mortgage the remaining portion of the said buildings with a total gross floor area of approximately 268.90 sq.m. which are erected over an allocated land owned by other subsidiary of the Group;

viii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings as stipulated in Notes 5ii and v after the land premium has been fully settled; and

ix. the said tenancy agreements are legal, valid and enforceable. The non-registration of the tenancy agreement do not affect the validity of the said tenancy agreements and the rights of leasing the property.

6. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB4,070,958 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
14.	An industrial complex located at Dongtieying, Fengtai District, Beijing, PRC	The property comprises 5 buildings completed in between 1989 and 2003 and erected over 5 parcels of land with a total site area of approximately 24,330.89 sq.m. (261,898 sq.ft.). The buildings mainly include workshops. The total gross floor area of the property is approximately 18,905.10 sq.m. (203,494 sq.ft.). The land use rights of the property have been granted and allocated to the Group for various terms with the latest term expiring on 1 April 2058 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial use.	RMB29,100,000 (100% interest attributable to the Group: RMB29,100,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Great Wall Furniture. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2008 Chu) Di No. 00122	19 May 2008	7,736.78	Granted Land	NA	Industrial	1 April 2058
Jing Feng Guo Yong (2008 Chu) Di No. 00123	21 May 2008	6,622.01	Granted Land	NA	Industrial	1 April 2058
Jing Feng Guo Yong (2008 Chu) Zi Di No. 00124	19 May 2008	3,626.30	Granted Land	NA	Industrial	1 April 2058
Jing Feng Guo Yong (2008 Chu) Di No. 00128	30 July 2008	1,680.98	Granted Land	NA	Industrial	1 April 2058
Feng Guo Yong (2002) Zi Di No. 000429	29 September 2002	26,341.72	Allocated land	NA	Industrial	NA

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the Land Use Rights Certificates — Jing Feng Guo Yong (2008 Chu) Di Nos. 00122 to 00124 and 00128 and the land premium has not been paid for the Land Use Rights Certificate — Feng Guo Yong (2002) Zi Di No. 00429. The actual site area owned by Great Wall Furniture for the above Land Use Rights Certificate — Feng Guo Yong (2002) Zi Di No. 000429 is approximately 4,664.82 sq.m.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Great Wall Furniture . Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Feng Gu Zi Di No. 05712	31 July 2008	4,000.50	NA	NA
Jing Fang Quan Zheng Feng Gu Zi Di No. 05713	31 July 2008	3,740.30	NA	NA
Jing Fang Quan Zheng Feng Gu Zi Di No. 05714	31 July 2008	3,804.00	NA	NA
Jing Fang Quan Zheng Feng Gu Zi Di No. 05725	14 August 2008	1,679.30	NA	NA
Feng Quan Zi Di No. 07672	10 January 1997	8,864.20	NA	Industrial and Transportation

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 18,905.10 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of portion of the property with a total site area of approximately 19,666.07 sq.m. under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificates. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. for the land use rights of the remaining portion of the property with a total site area of approximately 4,664.82 sq.m., the Group has violated the regulations for allocated land under the PRC laws and regulations and it is possible that the said land use rights be forfeited to the Land Administration Bureau if the Group has not applied the land grant procedure. But before the revocation of the Land Use Rights Certificate, the Group is still entitled to occupy or use the said land use rights according to the relevant Land Use Rights Certificate. However, the Group is not allowed to transfer, lease or mortgage the said land use rights before the land premium has been fully settled and certain permits and approvals have been granted from the Land Administration Bureau;

iii. the Group is entitled to occupy, use or lease portion of the said buildings with a total gross floor area of approximately 13,224.10 sq.m. The Group is not allowed to transfer, mortgage or dispose of such portion of the buildings until the outstanding land premium has been fully settled;

iv. the Group is entitled to occupy, use or lease the remaining portion of the said buildings with a total gross floor area of approximately 5,681.00 sq.m., which are erected over an allocated land. The land-related profits from the lease of such portion of the buildings shall be forfeited to the PRC Government. However, before the land premium has been fully settled and the Land Use Rights Certificate in granted land status has been obtained, the Group is not allowed to transfer, mortgage or dispose of such portion of the buildings; and

v. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the land use rights and the said buildings as stipulated in Notes 3i and iii after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB2,623,729 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
15.	An industrial complex located at Xibeiwang Town, North of Liangjiadian Village, Haidian District, Beijing, PRC	The property comprises 39 buildings completed in between 1958 and 2002 and erected over a parcel of land with a site area of approximately 569,179.49 sq.m. (6,126,648 sq.ft.). The buildings mainly include workshops, offices, storerooms and ancillary buildings. The total gross floor area of the property is approximately 20,836.79 sq.m. (224,287 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 2 April 2058 for industrial use. (Please see the details in Note 1)	The property is occupied by the Group for industrial, office, storage and ancillary uses.	RMB316,400,000 (100% interest attributable to the Group: RMB316,400,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Xiliu Building Materials Co., Ltd ("Xiliu Building Materials"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area	Usage	Status of Land	Mortgage	Expiry Date
		(sq.m.)				
Jing Hai Guo Yong (2008 Chu) Di No. 4446	16 May 2008	569,179.49	Industrial	Granted Land	NA	2 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Xiliu Building Materials. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA	Mortgage	Usage
		(sq.m.)		
Jing Fang Quan Zheng Hai Qi Geng Zi Di No. 0110521	20 June 2008	20,277.00	NA	Industrial and Transportation
Jing Fang Quan Zheng Hai Qi Zi Di No. 052346	20 August 2008	8,422.65	NA	NA

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 20,836.79 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use and lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said buildings. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled; and

   iii. there is no substantial legal impediment for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB54,641,231 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
16.	An industrial complex located at Zhuanchang Village, Liyuan Town, Tongzhou District, Beijing, PRC	The property comprises 74 buildings completed in between 1968 and 2005 and erected over 2 parcels of land with a total site area of approximately 656,197.62 sq.m. (7,063,311 sq.ft.). The buildings mainly include workshops, offices and ancillary buildings. The total gross floor area of the property is approximately 27,733.91 sq.m. (298,528 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 29 May 2058 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, office and ancillary uses.	RMB247,000,000 (100% interest attributable to the Group: RMB247,000,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing Jinhaiyan Assets Management Co., Ltd ("Jinhaiyan Assets Management"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Tong Guo Yong (2008 Chu) Di No. 054	22 September 2008	561,487.21	Granted Land	NA	Industrial	29 May 2058
Jing Tong Guo Yong (2008 Chu) Di No. 053	22 September 2008	94,710.41	Granted Land	NA	Industrial	29 May 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Jinhaiyan Assets Management. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Tong Zi Di No. 0826533	25 December 2008	21,606.41	NA	NA
Jing Fang Quan Zheng Tong Zi Di No. 0826534	25 December 2008	1,574.70	NA	NA
Jing Fang Quan Zheng Tong Zi Di No. 0826535	25 December 2008	4,552.80	NA	NA

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificates. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said buildings. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled; and

   iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB47,246,228 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
17.	An industrial complex located at Tongge Industrial Zone, Yian Town, Luquan, Hebei Province, PRC	The property comprises 94 buildings completed in between 2001 and 2006 and erected over 4 parcels of land with a total site area of approximately 438,800.48 sq.m. (4,723,248 sq.ft.). The buildings mainly include workshops, offices, storerooms, dormitories and ancillary buildings. The total gross floor area of the property is approximately 74,826.19 sq.m. (805,429 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 10 October 2054 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, office, storage, accommodation and ancillary uses.	RMB355,900,000 (85.08% interest attributable to the Group: RMB302,799,720)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Luquan Dongfang Dingxin Cement Co., Ltd ("Dingxin Cement"), a 85.08% owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Lu Guo Yong (2006) Di No. 02-1481	25 April 2006	35,782.60	Granted Land	NA	Industrial	10 October 2054
Lu Guo Yong (2006) Di No. 02-1482	25 April 2006	62,139.30	Granted Land	NA	Industrial	10 October 2054
Lu Guo Yong (2004) Di No. 02-1083	26 April 2004	99,978.39	Granted Land	Mortgaged	Industrial	29 September 2049
Lu Guo Yong (2003) Di No. 02-0945	16 December 2003	240,900.19	Granted Land	Mortgaged	NA	4 December 2048

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Dingxin Cement. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Lu Fang Quan Zheng Li Cun Zi Di No. 0550000048	11 September 2008	30,569.22	Mortgaged	Composite, Storage and Others
Lu Fang Quan Zheng Yi Zi Di No. 0650000113	22 November 2004	44,259.99	Mortgaged	Industrial, Storage and Ancillary

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 74,826.19 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of portion of the property with a total site area of approximately 97,921.90 sq.m. under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of such portion of the land use rights within the valid terms as stipulated in the Land Use Rights Certificates;

   ii. the Group is entitled to occupy, use or earn from but is not allowed to transfer, mortgage or dispose of the said land use rights of the remaining portion of the property with a total site area of approximately 340,878.58 sq.m., which are mortgaged, before approval from the mortgagee has been obtained;

   iii. the Group is entitled to occupy, use or earn from but is not allowed to transfer, mortgage and dispose of the said buildings, which are mortgaged, before approval from the mortgagee has been obtained; and

   iv. except for the said mortgages, the property is not subject to any other mortgages, foreclosures, proceedings or other third party's rights.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
18.	An industrial complex located at West of Zijing Road North Portion, Gongyi, Henan Province, PRC	The property comprises 14 buildings completed in between 1998 and 2007 and erected over 3 parcels of land with a total site area of approximately 30,855.34 sq.m. (332,127 sq.ft.). The buildings mainly include workshops, storerooms, offices, dormitories and ancillary buildings. The total gross floor area of the property is approximately 11,530.77 sq.m. (124,117 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 26 December 2056 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, storage, office, accommodation and ancillary uses.	RMB23,800,000 (57% interest attributable to the Group: RMB13,566,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Gongyi Tongda Zhongyuan Refractory Engineering Technology Co., Ltd ("Gongyi Tongda Technology"), a 57% owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Gong Guo Yong (2008) Di No. 01514	18 August 2008	16,423.64	Granted Land	NA	Industrial	28 May 2054
Gong Guo Yong (2008) Di No. 01689	18 August 2008	9,773.40	Granted Land	NA	Industrial	26 December 2056
Gong Guo Yong (2008) Di No. 01690	18 August 2008	4,658.30	Granted Land	NA	Industrial	26 December 2056

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Gongyi Tongda Technology. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Gong Fang Quan Zheng Zi Di No. 17839	8 August 2008	1,133.63	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17847	8 August 2008	631.05	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17846	8 August 2008	1,324.13	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17850	8 August 2008	168.22	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17841	8 August 2008	387.20	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17838	8 August 2008	1,022.47	NA	Industrial

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Gong Fang Quan Zheng Zi Di No. 17843	8 August 2008	86.26	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17842	8 August 2008	1,092.96	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17844	8 August 2008	825.85	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17849	8 August 2008	444.44	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17845	8 August 2008	1,301.01	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17851	8 August 2008	2,573.14	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17840	8 August 2008	819.28	NA	Industrial
Gong Fang Quan Zheng Zi Di No. 17848	8 August 2008	153.85	NA	Industrial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 11,530.77 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
19.	An industrial complex located at Liulihe Area, Fangshan District, Beijing, PRC	The property comprises 58 buildings completed in between 1943 and 2005 and erected over 6 parcels of land with a total site area of approximately 453,170.48 sq.m. (4,877,927 sq.ft.). The buildings mainly include workshops, storerooms, offices and ancillary buildings. The total gross floor area of the property is approximately 69,441.38 sq.m. (747,467 sq.ft.). The land use rights of the property have been granted and authorized to the Group to operate for various term with the latest term expiring on 2 April 2058 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, office, storage and ancillary uses.	RMB386,400,000 (100% interest attributable to the Group: RMB386,400,000) (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of portion of the property with a total site area of approximately 35,981.89 sq.m. have been granted to Beijing Liulihe Cement Co., Ltd ("Liulihe Cement"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Fang Guo Yong (2008 Chu) Zi Di No. 00079	13 May 2008	12,687.47	Granted Land	NA	Industrial	1 April 2058
Jing Fang Guo Yong (2008 Chu) Di No. 00107	15 July 2008	7,881.83	Granted Land	NA	Industrial	18 January 2045
Jing Fang Guo Yong (2008 Chu) Zi Di No. 00077	13 May 2008	13,553.16	Granted Land	NA	Industrial	2 April 2058
Jing Fang Guo Yong (2008 Chu) Zi Di No. 00076	13 May 2008	129.48	Granted Land	NA	Industrial	2 April 2058
Jing Fang Guo Yong (2008 Chu) Zi Di No. 00078	13 May 2008	1,729.95	Granted Land	NA	Industrial	1 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificates — Jing Fang Guo Yong (2008 Chu) Zi Di Nos. 00077 to 00079. The land premium has been fully settled for the above Land Use Rights Certificates — Jing Fang Guo Yong (2008 Chu) Di No. 00107 and Jing Fang Guo Yong (2008 Chu) Zi Di No. 00076.

2. Pursuant to the following Land Use Rights Certificate, the land use rights of the remaining portion of the property with a total site area of approximately 417,188.59 sq.m. have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area	Status of Land	Mortgage	Usage	Expiry Date
		(sq.m.)				
Jing Fang Guo Yong (2006 Shou) Di No. 00167	25 December 2006	417,188.59	Authorized Land	NA	Industrial	6 June 2050

As advised by the Group's PRC legal adviser, the land premium has not been paid for the above land use rights certificate.

3. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Liulihe Cement. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of issue	GFA	Mortgage	Usage
		(sq.m.)		
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800030	8 May 2008	24,245.80	NA	NA
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800022	8 May 2008	5,605.20	NA	NA
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800028	8 May 2008	4,256.20	NA	NA
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800018	8 May 2008	50,989.50	NA	NA
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800021	8 May 2008	21,339.60	NA	NA
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800023	8 May 2008	2,217.70	NA	NA
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800033	8 May 2008	3,932.48	NA	Industrial and Transportation
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800020	8 May 2008	5,643.90	NA	NA
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800019	8 May 2008	276.20	NA	NA
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800024	8 May 2008	4,385.30	NA	NA
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800031	8 May 2008	23.7	NA	Industrial and Transportation
Jing Fang Quan Zheng Fang Gu Zi Di No. 0800032	8 May 2008	22.00	NA	Industrial and Transportation

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 69,441.38 sq.m. as stipulated in the said Building Ownership Certificates.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of portion of the property with a total site area of approximately 8,011.31 sq.m. under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of such portion of the land use rights within the valid terms as stipulated in the Land Use Rights Certificates;

ii. the Group has obtained the land use rights of portion of the property with a total site area of approximately 27,970.58 sq.m. under the PRC laws and regulations and is entitled to occupy, use or lease such portion of the land use rights within the valid terms as stipulated in the Land Use Rights Certificates. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of such portion of the land use rights until the outstanding land premium has been fully settled;

iii. the Group has obtained the land use rights of the remaining portion of the property with a total site area of approximately 417,188.59 sq.m. under the PRC laws and regulations and is entitled to occupy or use such portion of the land use rights within the valid term as stipulated in the said Land Use Rights Certificate. The Group is entitled to invest and lease such portion of the land use rights among the Parent Group. The Group is only entitled to transfer or to change the usage of the said land use rights outside the Parent Group after the land premium has been fully paid and certain permits and approvals have been granted by the relevant PRC authorities. The Group is only entitled to lease or mortgage such portion of the land use rights outside the Parent Group after certain permits and approvals have been granted by the relevant PRC authorities;

iv. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of portion of the said buildings with a total gross floor area of approximately 23.7 sq.m.

v. the Group is entitled to occupy, use or lease portion of the said buildings with a total gross floor area of approximately 3,954.48 sq.m. The Group is not allowed to transfer, mortgage or dispose of such portion of the buildings until the outstanding land premium has been fully settled;

vi. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the land use rights as stipulated in Note 4ii and the said buildings as stipulated in Note 4v after the land premium has been fully settled; and

vii. the Group is entitled to use and occupy the remaining portion of the said buildings with a total gross floor area of approximately 65,463.20 sq.m. The Group is entitled to invest and lease such portion of the buildings among the Parent Group. With cooperation from the owners of the relevant land use rights and necessary approvals from the relevant PRC authorities, the Group is entitled to transfer or mortgage such portion of the buildings among the Parent Group. With necessary approvals from the relevant PRC authorities and payment of relevant land premium, the Group is entitled to transfer such portion of the buildings outside the Parent Group. With necessary approvals from the relevant PRC authorities, the Group is entitled to mortgage or lease such portion of the buildings outside the Parent Group.

5. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB1,342,588 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
20.	Various buildings located at No. 69 Jinding North Road, Shijingshan District, Beijing, PRC	The property comprises 2 office buildings completed in 2000 and erected over a parcel of land with a site area of approximately 16,003.88 sq.m. (172,266 sq.ft.). The total gross floor area of the property is approximately 47,453.61 sq.m. (510,791 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 1 September 2058 for underground carpark, scientific research and design uses. (Please see details in Note 1)	The property is occupied by the Group for office use.	RMB133,800,000 (100% interest attributable to the Group: RMB133,800,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Architectural Coating Co., Ltd ("Beijing Architectural") , a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Shi Guo Yong (2008 Chu) Di No. 0110	15 October 2008	16,003.88	Granted Land	NA	Underground Carpark, Scientific Research and Design	1 September 2058

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing Architectural. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Shi Guo Zi Di No. 00309	18 August 1999	13,631.02	NA	NA
X Jing Fang Quan Zheng Shi Zi Di No. 014975	3 December 2008	33,822.59	NA	Scientific Research Office

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
21.	An industrial complex located at Gaojing, Shijingshan District, Beijing, PRC	The property comprises 27 buildings completed in between 1975 and 1997 and erected over 3 parcels of land with a total site area of approximately 177,675.25 sq.m. (1,912,496 sq.ft.). The buildings mainly include workshops, storerooms, offices and ancillary buildings. The total gross floor area of the property is approximately 32,707.00 sq.m. (352,058 sq.ft.). The land use rights of the property have been granted to the Group for various term with the latest term expiring on 14 April 2058 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, office, storage and ancillary uses.	RMB144,900,000 (100% interest attributable to the Group: RMB144,900,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing Modern Building Materials Co., Ltd ("BMBM"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Shi Guo Yong (2008 Chu) Di No. 0044	30 April 2008	175,703.24	Granted Land	NA	Industrial	14 April 2058
Jing Shi Guo Yong (2008 Chu) Di No. 0045	9 May 2008	1,941.23	Granted Land	NA	Industrial	14 April 2058
Jing Shi Guo Yong (2008 Chu) Di No. 0046	9 May 2008	30.78	Granted Land	NA	Industrial	2 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificates — Jing Shi Guo Yong (2008 Chu) Di Nos. 0044 and 0045. The land premium has been fully paid for the above Land Use Rights Certificate — Jing Shi Guo Yong (2008 Chu) Di No. 0046.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BMBM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Shi Gu Zi Di No. 169	26 May 2008	7,403.50	NA	NA
Jing Fang Quan Zheng Shi Gu Zi Di No. 166	26 May 2008	26.90	NA	NA
Jing Fang Quan Zheng Shi Gu Zi Di No. 167	26 May 2008	27,820.50	NA	NA
Jing Fang Quan Zheng Shi Gu Zi Di No. 168	26 May 2008	546.70	NA	NA

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 32,707.00 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of portion of the property with a site area of approximately 30.78 sq.m. under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of such portion of the land use rights within the valid term as stipulated in the Land Use Rights Certificate;

   ii. the Group has obtained the land use rights of the remaining portion of the property with a total site area of approximately 177,644.47 sq.m. under the PRC laws and regulations and is entitled to occupy, use or lease such portion of the land use rights within the valid terms as stipulated in the Land Use Rights Certificates. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of such portion of the land use rights until the outstanding land premium has been fully settled;

   iii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of portion of the said buildings with a total gross floor area of approximately 26.90 sq.m.;

   iv. the Group is entitled to occupy, use or lease the remaining portion of the said buildings with a total gross floor area of approximately 32,680.10 sq.m. The Group is not allowed to transfer, mortgage or dispose of such portion of the buildings until the outstanding land premium has been fully settled; and

   v. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the land use rights as stipulated in Note 3ii and the said buildings as stipulated in Note 3iv after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB17,053,869 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
22.	An industrial complex located at Dongzhuang Village, East of Xiaan Road, Xiadian Town, Dachang, Hebei Province, PRC	The property comprises various buildings completed in 2007 and erected over 4 parcels of land with a total site area of approximately 239,075.18 sq.m. (2,573,405 sq.ft.). The buildings mainly include workshops and offices. The total gross floor area of the property is approximately 61,026.79 sq.m. (656,892 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 26 March 2059 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial and office uses.	RMB135,400,000 (100% interest attributable to the Group: RMB135,400,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to BBMG (Dachang) New Building Materials Co., Ltd ("Dachang BBMG"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Da Chang Guo Yong (2007) Di No. 02017	31 July 2007	85,741.85	Granted Land	NA	Industrial	3 August 2057
Da Chang Guo Yong (2009) Di No. 02004	26 March 2009	30,604.83	Granted Land	NA	Industrial	26 March 2059
Da Chang Guo Yong (2009) Di No. 02003	26 March 2009	58,711.00	Granted Land	NA	Industrial	26 March 2059
Da Chang Guo Yong (2009) Di No. 02005	26 March 2009	64,017.50	Granted Land	NA	Industrial	26 March 2059

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificate, the building ownership of portion of the property with a total gross floor area of approximately 46,088.34 sq.m. is vested in Dachang BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Da Fang Quan Zheng Da Chang Zi Di No. 9298	13 December 2007	46,088.34	NA	Industrial, Office and Guard Room

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of portion of the said buildings with a total gross floor area of approximately 46,008.34 sq.m. of the property; and

   iii. there is no substantial legal impediments for the Group to obtain the Building Ownership Certificate for the remaining portion of the said buildings with a total gross floor area of approximately 14,938.45 sq.m. The Group is entitled to occupy or use but is not allowed to lease, transfer, mortgage or dispose of such portion of the buildings before the Building Ownership Certificate has been obtained.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
23.	An office building located at District No. 2, Xiaohuangzhuang, Dongcheng District, Beijing, PRC	The property comprises an office building completed in 1997 and erected over a parcel of land with a site area of approximately 2,803.61 sq.m. (30,178 sq.ft.). The total gross floor area of the property is approximately 8,877.00 sq.m. (95,552 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 30 May 2050 for office use. (Please see details in Note 1)	The property is occupied by the Group for office use.	RMB92,100,000 (100% interest attributable to the Group: RMB92,100,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Dong Guo Yong (2009 Chu) Di Geng No. 00079	27 April 2009	2,803.61	Granted Land	NA	Office	30 May 2050

   As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Dong Gu Zi Di No. C12064	6 October 2008	8,877.00	NA	Office

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
24.	An industrial complex located at South of Wangjiadong Village, Zanhuang County, Shijiazhuang, Hebei Province, PRC	The property comprises 14 buildings completed in 2008 and erected over a parcel of land with a site area of approximately 400,000.00 sq.m. (4,305,600 sq.ft.). The buildings mainly includes workshops, offices, dormitories and ancillary buildings. The total gross floor area of the property is approximately 8,558.79 sq.m. (92,127 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 8 January 2058 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial accommodating, office and ancillary uses.	RMB101,000,000 (86.67% interest attributed to the Group: RMB87,536,700)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Zanhuang BBMG Cement Co., Ltd. ("Zanhuang Cement"), a 86.67% owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Zan Guo Yong (2008) Zi Di No. 001	25 March 2008	400,000.00	Granted Land	Mortgaged	Industrial	8 January 2058

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Zanhuang Cement. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Zan Fang Quan Zheng Guo Guo Zi Di No. 3120003401	18 June 2009	8,558.79	NA	Industrial, Office, Accommodation and Public Facilities

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group is entitled to occupy, use or earn from but is not allowed to transfer, mortgage or dispose of the said land use rights, which are mortgaged, before approval from the mortgagee has been obtained; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
25.	Tower 17, Zone 1, Ganluyuan Nanli, Chaoyang District, Beijing, PRC	The property comprises a dormitory completed in 1998 and erected over a parcel of land with a site area of approximately 1,288.20 sq.m. (13,866 sq.ft.). The total gross floor area of the property is approximately 2,895.80 sq.m. (31,170 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 17 April 2078 for residential use. (Please see details in Note 1)	The property is occupied by the Group for accommodation use.	RMB24,600,000 (100% interest attributable to the Group: RMB24,600,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Jiandu Design and Research Institute Co., Ltd ("Beijing Jiandu"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0141	2 June 2008	1,288.20	Granted Land	NA	Residential	17 April 2078

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Jiandu. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Qi Zi Di No. 579627	June 2008	2,895.80	NA	Residential

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said building. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled; and

   iii. there is no substantial impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said building after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB1,158,320 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
26.	An office building located at No. B88, Dongdan North Street, Dongcheng District, Beijing, PRC	The property comprises an office building completed in 1975 and erected over a parcel of land with a total site area of approximately 122.50 sq.m. (1,319 sq.ft.) The gross floor area of the property is approximately 122.50 sq.m. (1,319 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 30 March 2048 for commercial use. (Please see details in Note 1)	The property is subject to a tenancy with an expiring date on 30 September 2009.	RMB2,210,000 (100% interest attributable to the Group: RMB2,210,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Light-Weight. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Dong Guo Yong (2008 Chu) Di Geng No. 00182	22 August 2008	122.50	Granted Land	NA	Commercial	30 March 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Light-Weight. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Dong Gu Zi Di No. C04907	30 April 2008	122.50	NA	NA

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said building. The Group is not allowed to transfer, mortgage or dispose of the said building until the outstanding land premium has been fully settled;

   iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said building after the land premium has been fully settled; and

iv. the said tenancy agreement is legal, valid and enforceable. The non-registration of the tenancy agreement does not affect its validity and rights of leasing the property.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB245,000 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
27.	An industrial building located at Jianzhong Road, Xisanqi Jiancaicheng, Haidian District, Beijing, PRC	The property comprises an industrial building completed in 2003 and erected over a parcel of land with a site area of approximately 105,212.52 sq.m. (1,132,508 sq.ft.). The gross floor area of the property is approximately 26,149.82 sq.m. (281,477 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 24 October 2045 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial use.	RMB230,100,000 (100% interest attributable to the Group: RMB230,100,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area	Status of Land	Mortgage	Usage	Expiry Date
		(sq.m.)				
Jing Shi Hai Qi Geng Guo Yong (2006 Chu) Di No. 10189	31 December 2006	105,212.52	Granted Land	NA	Industrial	24 October 2045

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA	Mortgage	Usage
		(sq.m.)		
Jing Fang Quan Zheng Shi Hai Gu Zi Di No. 10046	31 August 2006	26,149.82	NA	NA

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
28.	A commercial unit of a building located at Tower 23, Zone 1, Ganluyuan Nanli, Chaoyang District, Beijing, PRC	The property comprises a commercial unit of a building completed in 1993 and erected over a parcel of land with a site area of approximately 173.34 sq.m. (1,866 sq.ft.). The gross floor area of the property is approximately 279.86 sq.m. (3,012 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 16 February 2049 for commercial use. (Please see details in Note 1)	The property is occupied by the Group for commercial use.	RMB3,300,000 (100% interest attributable to the Group: RMB3,300,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Xunsheng Wall Materials Co., Ltd. ("Xunsheng Wall Materials"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area	Status of Land	Mortgage	Usage	Expiry Date
		(sq.m.)				
Jing Chao Guo Yong (2009 Chu) Di No. 0115	7 April 2009	173.34	Granted Land	NA	Commercial	16 February 2049

As advised by the Group's PRC legal adviser, 20% of land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Xunsheng Wall Materials. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA	Mortgage	Usage
		(sq.m.)		
Jing Fang Quan Zheng Chao Qi 07 Zi Di No. 002170	9 January 2007	279.86	NA	Commercial

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights has paid 20% of the land premium and within the valid term as stipulated in the Land Use Rights Certificate. The Group is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said building. The Group is not allowed to transfer, mortgage or dispose of the said building until the outstanding land premium has been fully settled; and

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said building after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB223,888 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
29.	Various office units and ancillary facilities of Tengda Plaza, No. 8 Houerligou, South of Xizhimenwai Main Street, Haidian District, Beijing, PRC	The property comprises various office units and ancillary facilities of an office building completed in 2003 and erected over a parcel of land with a site area of approximately 8,500.00 sq.m. (91,494 sq.ft.). The total gross floor area of the property is approximately 6,480.89 sq.m. (69,760 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 16 March 2045 for office use. (Please see details in Note 1)	The property is occupied by the Group for office and ancillary uses.	RMB44,700,000 (100% interest attributable to the Group: RMB44,700,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Gaoling Property Development Co., Ltd. ("Beijing Gaoling"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Shi Hai Zhong Wai Guo Yong (95) Zi Di No. 00145	21 March 1995	8,500.00	Granted Land	NA	Composite	16 March 2045

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Gaoling. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Shi Gang Ao Tai Zi Di No. 000341	28 April 2007	84,260.95	NA	NA

As advised by the Group, the property comprises part of the building with a gross floor area of approximately 6,480.89 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
30.	Various office units and ancillary facilities of Jianda Plaza, No. 14 Dongtucheng Road, Chaoyang District, Beijing, PRC	The property comprises various office units and ancillary facilities of an office building completed in 1998 and erected over a parcel of land with a site area of approximately 6,813.58 sq.m. (73,341 sq.ft.). The total gross floor area of the property is approximately 13,398.49 sq.m. (144,221 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 8 December 2043 for commercial, catering, office and underground carpark uses. (Please see details in Note 1)	The property is occupied by the Group for office and ancillary uses.	RMB167,500,000 (100% interest attributable to the Group: RMB167,500,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Building Materials Trading Co., Ltd ("BBMT"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area	Status of Land	Mortgage	Usage	Expiry Date
		(sq.m.)				
Jing Chao Guo Yong (2006 Chu) Di No. 0396	7 December 2006	6,813.58	Granted Land	Mortgaged	Commercial and Catering	8 December 2033
					Office and Underground Carparks	8 December 2043

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMT. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA	Mortgage	Usage
		(sq.m.)		
Jing Fang Quan Zheng Shi Chao Qi Zi Di. No. 10189	7 February 2007	38,433.49	Mortgaged	Commercial, Catering and Office

As advised by the Group, the property comprises part of the building with a gross floor area of approximately 13,398.49 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of portion of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of portion of the said buildings of the property;

   iii. the Group is entitled to occupy, use or earn from but is not allowed to transfer, mortgage or dispose of the said land use rights and the buildings of the remaining portion of the property, which are mortgaged, before approval from the mortgagee has been obtained; and

   iv. except for the said mortgages, the property is not subject to any other mortgages, foreclosures, proceedings or other third party's rights.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
31.	Various office units and ancillary facilities of Global Trade Centre Phase 1, No. 36 North 3rd Ring East Road, Dongcheng District, Beijing, PRC	The property comprises various office units and ancillary facilities and of an office building completed in 2005 and erected over a parcel of land with a site area of approximately 10,983.26 sq.m. (118,224 sq.ft.). The total gross floor area of the property is approximately 15,526.93 sq.m. (167,132 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 29 August 2054 for office, underground carpark and underground office uses. (Please see details in Note 1)	The property is occupied by the Group for office and ancillary uses.	RMB214,300,000 (100% interest attributable to the Group: RMB214,300,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Dong Guo Yong (2008 Chu) Di Geng No. 00229	30 October 2008	10,983.26	Granted Land	Mortgaged	Office, Underground Carpark and Underground Office	29 August 2054

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Dong Gu Zi Di No. C04889	19 March 2008	120,547.72	Mortgaged	NA

As advised by the Group, the property comprises part of the building with a gross floor area of approximately 15,526.93 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group is entitled to occupy, use or earn from but is not allowed to transfer, mortgage or dispose of the said land use rights and the said buildings, which are mortgaged, before approval from the mortgagee has been obtained; and

   ii. except for the said mortgages, the property is not subject to any other mortgages, foreclosures, proceedings or other third party's rights.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
32.	Various office units and ancillary facilities of Jinyu Mansion, No. A129 Xuanwumen West Main Street, Xicheng District, Beijing, PRC	The property comprises various office units and ancillary facilities of an office building completed in 1998 and erected over a parcel of land with a site area of approximately 1,834.75 sq.m. (19,749 sq.ft.). The total gross floor area of the property is approximately 8,830.90 sq.m. (95,056 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 14 April 2058 for office use. (Please see details in Note 1)	The property is occupied by the Group for office and ancillary uses.	RMB110,400,000 (100% interest attributable to the Group: RMB110,400,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Xi Guo Yong (2008 Chu) Di No. 20497	27 June 2008	1,834.75	Granted Land	NA	Office and Underground Carpark	14 April 2058

   As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Xi Gu Zi Di No. 163007	11 May 2008	44,836.80	NA	Office

   As advised by the Group, the property comprises part of the building with a gross floor area of approximately 8,830.90 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. the Group is entitled to occupy, use or lease the said building. The Group is not allowed to transfer, mortgage or dispose of the said building until the outstanding land premium has been fully settled; and

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said building after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB56,245,994 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
33.	Various office units and ancillary facilities of a commercial building located at No. A2 Tiyuguan West Road, Chongwen District, Beijing, PRC	The property comprises various office units and ancillary facilities of a commercial building completed in 1993 and erected over a parcel of land with a site area of approximately 484.34 sq.m. (5,213 sq.ft.). The total gross floor area of the property is approximately 1,100.60 sq.m. (11,847 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 29 April 2048 for commercial use. (Please see details in Note 1)	The property is occupied by the Group for office and ancillary uses.	RMB10,500,000 (100% interest attributable to the Group: RMB10,500,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Jianji. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chong Guo Yong (2008 Chu) Di No. 00059	17 July 2008	484.34	Granted Land	NA	Commercial	29 April 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Jianji. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chong Zi Di No. 021685	19 June 2009	2,200.60	NA	Commercial

As advised by the Group, the property comprises part of the building with a gross floor area of approximately 1,100.60 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. the Group is entitled to occupy, use or lease the said building. The Group is not allowed to transfer, mortgage or dispose of the said building until the outstanding land premium has been fully settled; and

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said building after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB2,073,456 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
34.	Various office and commercial units of City One located at No. 48 Wangjing West Road, Chaoyang District, Beijing, PRC	The property comprises various office and commercial units of various residential buildings completed in between 2005 and 2006 and erected over 2 parcels of land with a total site area of approximately 3,632.64 sq.m. (39,102 sq.ft.). The total gross floor area of the property is approximately 15,519.29 sq.m. (167,050 sq.ft.). The land use rights of the property have been granted for various terms with the latest term expiring on 3 August 2043 for ancillary and underground ancillary uses. (Please see details in Note 1)	The Property is occupied by the Group for office and commercial uses.	RMB127,300,000 (100% interest attributable to the Group: RMB127,300,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to BBMG. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0266	1 September 2008	2,881.62	Granted Land	NA	Ancillary	16 April 2042
Jing Chao Guo Yong (2008 Chu) Di No. 0268	1 September 2008	751.02	Granted Land	NA	Underground Ancillary	3 August 2043

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BBMG. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550687	6 March 2008	432.76	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550671	10 March 2008	99.90	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550699	10 March 2008	157.65	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550701	10 March 2008	154.42	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550703	10 March 2008	120.28	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550695	10 March 2008	259.07	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550665	10 March 2008	118.75	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550688	10 March 2008	178.06	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550689	10 March 2008	137.32	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550684	10 March 2008	96.12	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550653	10 March 2008	431.26	NA	Commercial

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550676	10 March 2008	658.25	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550705	10 March 2008	144.45	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550709	10 March 2008	164.04	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550710	10 March 2008	160.63	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550663	10 March 2008	133.82	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550714	10 March 2008	467.55	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550690	10 March 2008	146.84	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550681	10 March 2008	197.77	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550720	10 March 2008	158.46	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550716	10 March 2008	156.21	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550650	10 March 2008	444.98	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550655	10 March 2008	633.00	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550659	10 March 2008	6,150.28	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550644	10 March 2008	4,140.87	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550691	10 March 2008	511.66	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550657	10 March 2008	598.85	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550667	10 March 2008	610.30	NA	Commercial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 15,519.29 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
35.	Various commercial units of Peninsula International, Xiajiayuan, Chaoyang District, Beijing, PRC	The property comprises various commercial units of 4 residential buildings completed in 2005 and erected over a parcel of land with a site area of approximately 1,477.35 sq.m. (15,902 sq.ft.). The total gross floor area of the property is approximately 2,418.49 sq.m. (26,033 sq.ft.). The land use rights of the property have been granted for a term expiring on 15 May 2043 for commercial use. (Please see details in Note 1)	The property is occupied by the Group for commercial use.	RMB30,800,000 (100% interest attributable to the Group: RMB30,800,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di. No. 0267	1 September 2008	1,477.35	Granted Land	NA	Commercial	15 May 2043

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BBMG. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Gu Zi Di No. 549969	7 March 2008	1,718.84	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 549970	7 March 2008	2,525.42	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 549968	7 March 2008	3,497.05	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 549966	7 March 2008	549.92	NA	Commercial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 2,418.49 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
36.	Various office units and ancillary facilities of Jiandongyuan Garden, Guanzhuang Xili, Chaoyang District, Beijing, PRC	The property comprises various office units and ancillary facilities of a commercial building completed in 2002 and erected over a parcel of land with a site area of approximately 2,306.22 sq.m. (24,824 sq.ft.). The total gross floor area of the property is approximately 260.06 sq.m. (2,799 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 18 May 2048 for commercial use. (Please see details in Note 1)	The property is occupied by the Group for office and ancillary uses.	RMB2,400,000 (100% interest attributable to the Group: RMB2,400,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Jianji. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0171	19 June 2008	2,306.22	Granted Land	NA	Commercial	18 May 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Jianji. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Zi Di No. 639863	12 February 2009	4,870.06	NA	Commercial

As advised by the Group, the property comprises part of the building with a gross floor area of approximately 260.06 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. the Group is entitled to occupy, use or lease the said building. The Group is not allowed to transfer, mortgage or dispose of the said building until the outstanding land premium has been fully settled; and

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said building ownership after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB2,796,860 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
37.	Various office units and ancillary facilities of Global Trade Centre Phase 2, No. A9 Xiaohuangzhuang Road, Dongcheng District, Beijing, PRC	The property comprises various office units and ancillary facilities of 2 buildings completed in 2008 and erected over a parcel of land with a site area of approximately 61,632.21 sq.m. (663,409 sq.ft.). The total gross floor area of the property is approximately 9,480.09 sq.m. (102,044 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 26 May 2058 for commercial, office and underground carpark uses. (Please see details in Note 1)	The property is vacant.	RMB118,500,000 (100% interest attributable to the Group: RMB118,500,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Dong Guo Yong (2008 Chu) Di Geng No. 00199	18 September 2008	61,632.21	Granted Land	NA	Commercial	26 May 2048
					Office and Underground Carpark	26 May 2058

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the Building Ownership Certificate, the building ownership of the property is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Dong Gang Ao Tai Zi Di No. 007650	10 December 2008	172,086.01	NA	Office, Carpark and Others

As advised by the Group, the property comprises parts of the buildings with a total gross floor area of approximately 9,480.09 sq.m. as stated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificate; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
38.	Various commercial units of Jinyu Elegancy City, No. 15 Garden, Nanhu South Road, Chaoyang District, Beijing, PRC	The property comprises various commercial units of 2 residential buildings completed in 2005 and erected over a parcel of land with a site area of approximately 494.15 sq.m. (5,319 sq.ft.). The total gross floor area of the property is approximately 8,086.03 sq.m. (87,038 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 27 January 2043 for commercial use. (Please see details in Note 1)	The property is vacant.	RMB63,300,000 (100% interest attributable to the Group: RMB63,300,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0269	1 September 2008	494.15	Granted Land	NA	Commercial	27 January 2043

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BBMG. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Gu Zi Di No. 548623	5 March 2008	259.86	NA	Commercial
X Jing Fang Quan Zheng Caho Gu Zi Di No. 550032	7 March 2008	1,442.98	NA	Commercial
X Jing Fang Quan Zheng Caho Gu Zi Di No. 548624	5 March 2008	907.27	NA	Commercial
X Jing Fang Quan Zheng Caho Gu Zi Di No. 550033	7 March 2008	2,552.83	NA	Commercial
X Jing Fang Quan Zheng Caho Gu Zi Di No. 548626	5 March 2008	2,923.09	NA	Underground Storage

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate; and

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
39.	Various buildings located at No. 9 Xinyong Beili, Chongwen District, Beijing, PRC	The property comprises 2 buildings completed in 2009 erected over a parcel of land with a site area of approximately 130.10 sq.m. (1,400 sq.ft.). The buildings mainly include shop and ancillary building. The total gross floor area of the property is approximately 130.10 sq.m. (1,400 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 29 April 2048 for commercial use. (Please see details in Note 1)	The property is occupied by the Group for commercial and ancillary uses.	RMB800,000 (100% interest attributable to the Group: RMB800,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Jianji. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area	Status of Land	Mortgage	Usage	Expiry Date
		(sq.m.)				
Jing Chong Guo Yong (2008 Chu) Di No. 00058	17 July 2008	130.10	Granted Land	NA	Commercial	29 April 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Jianji. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA	Mortgage	Usage
		(sq.m.)		
X Jing Fang Quan Zheng Chong Zi Di No. 021686	19 June 2009	130.1	NA	Commercial

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said buildings. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled; and

   iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the buildings after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB140,508 should be fully settled with one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
40.	An industrial complex located at Xisanqi Jiancaicheng, Haidian District, Beijing, PRC	The property comprises 10 buildings completed in between 1995 and 2005 and erected over a parcel of land with a site area of approximately 22,293.49 sq.m. (239,967 sq.ft.). The buildings mainly include workshops, offices, storerooms, dormitories and ancillary buildings. The total gross floor area of the property is approximately 11,120.12 sq.m. (119,697 sq.ft.). The land use rights of the property have been allocated to the Group for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, office, storage, accommodation and ancillary uses.	No commercial value (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been allocated to Xisanqi High-Tech Building Materials. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2003 Hua) Zi Di No. 2214	23 April 2004	63,979.36	Allocated Land	NA	Industrial	NA

As advised by the Group's PRC legal adviser, Beijing Architectural is applying for the Land Use Rights Certificate in granted land status with a total site area of approximately 22,293.49 sq.m. and 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Architectural. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Hai Qi Zi Di No. 052668	August 2008	11,589.89	NA	NA

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 11,120.12 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has paid 20% of the land premium of the land use rights of the property. However, before the land premium has been fully paid and the Land Use Rights Certificate in granted land status has been obtained, the Group is not allowed to transfer, mortgage or dispose of the said Land Use Rights Certificate. There is no substantial legal impediments for the Group to obtain the said Land Use Rights Certificate; and

   ii. the Group is entitled to occupy or use but is not allowed to transfer or mortgage the said buildings which are erected over an allocated land owned by other subsidiary of the Group.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB2,140,175 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
41.	An industrial building located at No. 17 Yaxin Road, Doudian Town, Fangshan District, Beijing, PRC	The property comprises an industrial building completed in 2000 and erected over a parcel of land with a site area of approximately 28,556.80 sq.m. (307,385 sq.ft.). The total gross floor area of the property is approximately 3,133.40 sq.m. (33,728 sq.ft.). The land use rights of the property have been allocated to the Parent for industrial use. (Please see details in Note 1)	The property is occupied by the Group for ancillary use.	No commercial value (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Yaxin Special Building Materials Co., Ltd., a wholly owned subsidiary of the Parent. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Fang Guo Yong (2003) Zi Di No. 364	25 August 2003	144,571.88	Allocated Land	NA	Industrial	NA

As advised by the Group, the Group is planning to apply for a Land Use Rights Certificate in granted land status with a site area of approximately 28,556.80 sq.m. The land premium has not been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Building Materials Academy Co., Ltd ("BBMA"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Fang Gu Zi Di No. 008608	28 July 2008	3,744.63	NA	Industrial and Office

As advised by the Group, the property comprises part of the building with a gross floor area of approximately 3,133.40 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the use of the land use rights of the property will be protected under the PRC laws and regulations after the relevant Land Use Rights Certificate in granted land status has been obtained. The Group is entitled to occupy or use the said land use rights under the PRC laws and regulations until 2010. However, before approval has been obtained, the Group is not allowed to change the usage, sell, transfer, lease or dispose of the land use rights for the purpose of making profit; and

ii. the Group is entitled to occupy or use but is not allowed to transfer or mortgage the said building which is erected over an allocated land owned by other subsidiary of the Group.

4. We have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
42.	An industrial complex located at East of Xiaoying Village, North of Machikou Town, Changping District, Beijing, PRC	The property comprises 14 buildings completed in between 1993 and 2008 and erected over a parcel of land with a site area of approximately 497,994.70 sq.m. (5,360,415 sq.ft.). The buildings mainly include workshops, office and ancillary buildings. The total gross floor area of the property is approximately 20,317.82 sq.m. (218,701 sq.ft.). The land use rights of the property have been authorized to the Parent to operate for a term expiring on 20 March 2050 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for industrial, office and ancillary uses.	No commercial value (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been authorized to Beijing Building Materials Group Co., Ltd. (now named BBMG Group Company Limited, hereinafter referred as the "Parent") to operate, the parent company of the Group. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chang Guo Yong (2000 Shou) Zi Di No. 27-01-1104	NA	497,994.70	Authorized Land	NA	Industrial	20 March 2050

As advised by the Group's PRC legal adviser, the land premium has not been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Xinbeishui Cement Co., Ltd., a 55% owned subsidiary of the Company. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chang Qi Zi Di No. 31021	5 September 2008	12,500.57	NA	Industrial and Transportation

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 12,426.57 sq.m. as stipulated in the said Building Ownership Certificate.

3. Pursuant to 2 Tenancy Agreements of Land Use Rights and their supplementary agreements entered into between the Parent and Xinbeishui and BBMG Mangrove Environmental Protection Technology Co., Ltd. ("BBMG Mangrove Environmental"), a wholly owned subsidiary of the Company, dated 13 February 2009 and 8 May 2009 respectively, the land use rights of the property with a total site area of approximately 497,994.70 sq.m. have been leased to Xinbeishui and BBMG Mangrove Environmental for terms commencing on 1 January 2009 and expiring on 31 December 2011 at a total annual rental of RMB3,854,171.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Parent has granted an undertaking to the Group that they will not lease the said land use rights to the third party. Thus the non-registration of the tenancy agreements do not have any adverse impact for the Group to occupy or use the said land use rights in accordance with the said tenancy agreements;

   ii according to the relevant PRC laws, all the leased land use rights should be registered otherwise the non-registered land use rights cannot bind the third party. However, there are no implementing rules for lease of authorized land use rights to be registered;

   iii. the said tenancy agreements are legal, valid and enforceable;

   iv. the Group is entitled to occupy and use the said land use rights which are leased from the Parent under the PRC laws within the valid terms as stipulated in the said tenancy agreements provided that the Parent has fulfilled the commitment of not leasing the said land use rights to the third party; and

   v. the Group is entitled to use and occupy portion of the said buildings with a total gross floor area of approximately 12,426.57 sq.m. and is entitled to invest and lease such portion of the buildings among the Parent Group. With cooperation from the owners of the relevant land use rights and necessary approvals from the relevant PRC authorities, the Group is entitled to transfer or mortgage such portion of the buildings among the Parent Group. With necessary approvals from the relevant PRC authorities and payment of relevant land premium, the Group is entitled to transfer such portion of the buildings outside the Parent Group. With necessary approvals from relevant PRC authorities, the Group is entitled to mortgage or lease such portion of the buildings outside the Parent Group; and

   vi. there is no substantial legal impediments for the Group to obtain Building Ownership Certificate for the remaining portion of the said buildings with a total gross floor area of approximately 7,891.25 sq.m.. The Group is entitled to occupy or use but is not allowed to lease, transfer, mortgage or dispose of such portion of the buildings before the Building Ownership Certificate has been obtained.

5. We have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
43.	A commercial building located at No. A9 Xiaohuangzhuang Road, Dongcheng District, Beijing, PRC	The property comprises a commercial building completed in 1993 with a total gross floor area of approximately 10,200.00 sq.m. (109,793 sq.ft.).	The property is occupied by the Group for commercial use.	No commercial value (Please see details in Note 3)

Notes:

1. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Tiantan Allied Industrial Development Company, a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Dong Guo Zi Zi Di No. A04907	15 October 2003	71,394.20	NA	Industrial and Transportation

As advised by the Group, the property comprises part of the building with a gross floor area of approximately 10,200.00 sq.m. as stipulated in the said Building Ownership Certificate.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has not obtained any Land Use Rights Certificate for the land under the said building and has confirmed that the said building will be demolished;

   ii. the Group is entitled to occupy or use the said building; and

   iii. there exists legal impediments for the Group to lease, transfer, mortgage or dispose of the said building.

3. We have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
44.	Room 502, Block B, Shijibaoding, No.9 Dingcheng Road, Chaoyang District, Beijing, PRC	The property comprises an office unit of a building completed in 2000 and erected over a parcel of land with a site area of approximately 131.59 sq.m. (1,416 sq.ft.). The gross floor area of the property is approximately 131.59 sq.m. (1,416 sq.ft.).	The property is occupied by the Group for office use.	No commercial value (Please see details in Note 3)

Notes:

1. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Jingzhongyuan Ceramic Centre (now named Beijing Century Jingzhongyuan Porcelain and Ceramic Fittings Co., Ltd.) ("Century Jingzhongyuan"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chao Ji Zi Di No. 00069	3 June 1999	131.59	NA	Industrial and Transportation

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has not obtained any Land Use Rights Certificate for the land under the said building;

   ii. the Group is entitled to occupy or use the said building; and

   iii. there exists legal impediments for the Group to lease, transfer, mortgage or dispose of the said building.

3. We have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
45.	An office unit of a complex building located at Ganluyuan Nanli, Chaoyang District, Beijing, PRC	The property comprises an office unit of a complex building completed in 1993 and erected over a parcel of land with a site area of 402.64 sq.m. (4,334 sq.ft.). The gross floor area of the property is approximately 410.46 sq.m. (4,418 sq.ft.).	The property is occupied by the Group for office use.	No commercial value (Please see details in Note 2)

Notes:

1. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the occupation and use of the said land and building are not protected under the PRC laws and the said land may be reclaimed by the PRC government; and

   ii. the occupation and use of the said building, which has not obtained any Building Ownership Certificate, is not protected under the PRC laws and the said building will be confiscated by relevant PRC authorities if the relevant land is reclaimed.

2. We have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate and Building Ownership Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
46.	An office building located at District No. 1, Ganluyuan Nanli, Chaoyang District, Beijing, PRC	The property comprises an office building completed in 1993 and erected over a parcel of land with a site area of approximately 253.00 sq.m. (2,723 sq.ft.). The gross floor area of the property is approximately 253.00 sq.m. (2,723 sq.ft.).	The property is occupied by the Group for office use.	No commercial value (Please see details in Note 2)

Notes:

1. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the occupation and use of the said land building are not protected under the PRC laws and the said land may be reclaimed by the PRC government; and

   ii. the occupation and use of the said building, which has not obtained any Building Ownership Certificate, is not protected under the PRC laws and the said building will be confiscated by relevant PRC authorities if the relevant land is reclaimed.

2. We have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate and Building Ownership Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
47.	An industrial building located at Dongdamochang Street, Chongwen District, Beijing, PRC	The property comprises an industrial building completed in 2000 and erected over a parcel of land with a site area of approximately 364.27 sq.m. (3,921 sq.ft.). The gross floor area of the property is approximately 364.27 sq.m. (3,921 sq.ft.).	The property is occupied by the Group for industrial use.	No commercial value (Please see details in Note 2)

Notes:

1. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group is entitled to occupy or use the land under the said building provided that the original land owner has fulfilled the requirements set out in the Resettlement Agreement. However, before the Land Use Rights Certificate in granted land status has been obtained, the Group is not allowed to transfer, mortgage or dispose of the said land use rights; and

   ii. according to the Resettlement Agreement and written undertaking, the Group is entitled to occupy or use but is not allowed to transfer, mortgage or dispose of the said building.

2. We have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate and Building Ownership Certificate.

Group II — Properties held by the Group's Cement and Building Material business under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
48.	An industrial building located at No. 1 Chezhanqian Street, Liulihe Area, Fangshan District, Beijing, PRC	The property comprises a parcel of land with a site area of approximately 417,188.59 sq.m. (4,490,618 sq.ft.) on which an industrial building is being constructed. Upon completion, the total gross floor area of the proposed building will be approximately 2,492.00 sq.m. (26,824 sq.ft.). The construction of the proposed development was commenced in June 2007 and is scheduled to be completed in June 2009. The land use rights of the property have been authorized to the Group to operate for a term expiring on 6 June 2050 for industrial use. (Please see details in Note 1)	The property is under construction.	RMB16,100,000 (100% interest attributable to the Group: RMB16,100,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Fang Guo Yong (2006 Shou) Di No. 00167	25 December 2006	417,188.59	Authorized Land	NA	Industrial	6 June 2050

   As advised by the Group's PRC legal adviser, the land premium has not been paid for the above Land Use Rights Certificate.

2. Pursuant to a Tenancy Agreement of Land Use Rights entered into between BBMG and Liulihe Cement dated 1 January 2008, the land use rights of the property with a total site area of approximately 417,188.59 sq.m. have been leased to Liulihe Cement for a term commencing on 1 January 2008 and expiring on 1 December 2008. The tenancy agreement was automatically extended for three years.

3. Pursuant to a Planning Opinion Letter for Construction Projects — 2005 Gui (Fong) Yi Zi No. 0075 dated 12 December 2005, the planned construction works of the property with a total site area of approximately 1,592.336 sq.m. and a total gross floor area of approximately 2,720.00 sq.m. have been approved on the land of the property.

4. Pursuant to a Planning Permit for Construction Projects — 2007 Gui (Fang) Jian Zi No. 0007 dated 8 February 2007, the planned construction works of the property with a total gross floor area of 2,492.00 sq.m. have been approved for construction.

5. Pursuant to a Construction Permit — [2007] Shi Jian Zi No. 0856 dated 7 June 2007, the planned construction works of the property with a total gross floor area of 2,492.00 sq.m. have been permitted to commence.

6. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB11,531,595.

7. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy or use the said land use rights within the valid term as stipulated in the said Land Use Rights Certificate. The Group is allowed to invest and lease the said land use rights among the Parent Group. The Group is only entitled to transfer or to change the usage of the said land use rights outside the Parent Group after the land premium has been fully settled and certain permits and approvals have been granted by the relevant PRC authorities. The Group is only entitled to lease or mortgage the said land use rights outside the Parent Group after certain permits and approvals have been granted by the relevant PRC authorities;

   ii. Liulihe Cement has obtained all the significant permits and approvals for the construction of the property except for the Planning Permit for Land for Construction;

   iii. the lack of Planning Permit for Land for Construction does not have any material adverse impact on the development and construction of the property;

   iv. Liulihe Cement is entitled to use and develop the said land use rights within the valid term of the said Tenancy Agreement of Land Use Rights; and

   v. Liulihe Cement is applying for the Construction Completion Certificate of the property and there will be no legal impediments for Liulihe Cement to obtain the Building Ownership Certificate after the Construction Completion Certificate has been obtained.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
49.	An industrial building located at East of Xiaoying Village, North of Machikou Town, Changping District, Beijing, PRC	The property comprises a parcel of land with a site area of approximately 497,994.70 sq.m. (5,360,415 sq.ft.) on which an industrial building is being constructed. Upon completion, the total gross floor area of the proposed building will be approximately 3,218.90 sq.m. (34,648 sq.ft.). The construction of the proposed development was commenced in February 2009 and is scheduled to be completed in the third quarter of 2009. The land use rights of the property have been authorized to the Parent to operate for a term expiring on 20 March 2050 for industrial use. (Please see details in Note 1)	The property is under construction.	No commercial value (Please see details in Note 8)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been authorized to the Parent to operate. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chang Guo Yong (2000 Shou) Zi Di No. 27-01-1104	NA	497,994.70	Authorized Land	NA	Industrial	20 March 2050

As advised by the Group's PRC legal adviser, the land premium has not been paid for the above Land Use Rights Certificate.

2. Pursuant to a Tenancy Agreement of Land Use Rights and its supplementary agreement entered into between the Parent and Xinbeishui dated 13 February 2009 and 8 May 2009 respectively, the land use rights of the property with a total site area of approximately 423,794.70 sq.m. have been leased to Xinbeishui for a term commencing on 1 January 2009 and expiring on 31 December 2011 at an annual rental of RMB3,280,171.

3. Pursuant to a Planning Opinion Letter — 2007 Gui (Chang) Yi Zi No. 0014 dated 9 February 2007, the planned construction work of the property with a total gross floor area of approximately 3,300.00 sq.m. have been approved on the land of the property.

4. Pursuant to a Planning Permit for Construction Projects — 2009 Gui (Chang) Jian Zi No. 0003 dated 8 January 2009, the planned construction work of the property with a total gross floor area of approximately 3,218.90 sq.m. have been approved for construction.

5. Pursuant to a Construction Permit — [2009] Shi Jian Zi No. 0571 dated 3 June 2009, the planned construction works of the property with a total gross floor area of approximately 3,218.90 sq.m. have been permitted to commence.

6. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB10,768,494 and the estimated development cost to completion for the property is approximately RMB1,231,506 (excluding land cost, marketing, financing and other interest costs).

7. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Parent has granted an undertaking to the Group that they will not lease the said land use rights to the third party. Thus the non-registration of the tenancy agreement does not have any substantial adverse impact for the Group to occupy or use the said land use rights in accordance with the said tenancy agreement;

   ii. according to the relevant PRC laws, all the leased land use rights should be registered otherwise the non-registered land use rights cannot bind the third party. However, there are no implementing rules for lease of authorized land use rights to be registered;

   iii. the said tenancy agreement is legal, valid and enforceable;

   iv. the Group is entitled to occupy or use the said land use rights which are leased from the Parent under the PRC laws within the valid term as stipulated in the said tenancy agreement provided that the Parent has fulfilled the commitment of not leasing the said land use rights to the third party;

   v. the Group has obtained all the significant permits and approvals for the construction of the property except for the Planning Permit for Land for Construction; and

   vi. the lack of Planning Permit for Land for Construction does not have any material adverse impact on the development and construction of the property.

8. We have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
50.	An industrial complex located at Dongjiaodongdui, Yian Town, Luquan, Hebei Province, PRC	The property comprises 3 parcels of land with a total site area of approximately 172,428.00 sq.m. (1,856,014 sq.ft.) on which an industrial complex is being constructed. Upon completion, the total gross floor area of the proposed buildings will be approximately 27,091.00 sq.m. (291,608 sq.ft.). The construction of the proposed development was commenced in October 2003 and is scheduled to be completed in September 2009. The land use rights of the property have been granted to the Group for terms expiring on 15 April 2059 for industrial use. (Please see details in Note 1)	The property is under construction.	RMB117,200,000 (85.08% interest attributable to the Group: RMB99,713,760)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Dingxin Cement. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Lu Guo Yong (2009) Di No. 02-1915	27 April 2009	28,291.00	Granted Land	NA	Industrial	15 April 2059
Lu Guo Yong (2009) Di No. 02-1916	27 April 2009	44,788.80	Granted Land	NA	Industrial	15 April 2059
Lu Guo Yong (2009) Di No. 02-1917	27 April 2009	99,348.20	Granted Land	NA	Industrial	15 April 2059

As advised by the Group's PRC legal adviser, the land premium has been paid for the above Land Use Rights Certificates.

2. Pursuant to a Planning Permit for Land for Construction — Di Zi Di No. 130185200900004 dated 27 February 2009, the planned construction works of the property with a site area of approximately 172,428.45 sq.m. have been permitted on the land of the property.

3. Pursuant to a Planning Permit for Construction Project — Jian Zi Di No. 130185200900017 dated 27 April 2009, the planned construction works of the property with a total gross floor area of approximately 27,091.00 sq.m. have been permitted.

4. Pursuant to a Construction Permit — No. 1301850103096 dated 26 October 2003, the planned construction works of the property have been permitted to be commenced.

5. As advised by the Group, the incurred construction costs as of 31 May 2009 was approximately RMB71,749,149.

6. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Dingxin Cement has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates;

   ii. Dingxin Cement has obtained all the significant permits and approvals for the construction of the property; and

   iii. there will be no legal impediments for Dingxin Cement to obtain the Building Ownership Certificate after the Construction Completion Certificate has been obtained.

Group III — Properties held by the Group's Cement and Building Material Business for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
51.	A parcel of land located at No. 4 Dahongmen West Road, Fengtai District, Beijing, PRC	The property comprises a parcel of land with a site area of approximately 45,612.17 sq.m. (490,969 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 29 May 2058 for industrial use. (Please see details in Note 1)	The property is vacant for future development.	RMB22,700,000 (100% interest attributable to the Group: RMB22,700,000) (Please see details in Note 3)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Woodworking Factory. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2008 Chu) Di No. 00191	1 July 2008	45,612.17	Granted Land	NA	Industrial	29 May 2058

   As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled; and

   iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights after the land premium has been fully settled.

3. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB5,473,460 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
52.	A parcel of land located at No. 2 Liuliqu Main Street, Mentougou District, Beijing, PRC	The property comprises a parcel of land with a site area of approximately 35,658.00 sq.m. (383,823 sq.ft.). The land use rights of the property were granted to the Group for a term expiring on 2 April 2058 for industrial use. (Please see details in Note 1)	The property is vacant for future development.	RMB10,700,000 (100% interest attributable to the Group: RMB10,700,000) (Please see details in Note 3)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BMBM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Men Guo Yong (2008 Chu) Di No. 00023	29 April 2008	35,658.00	Granted Land	NA	Industrial	2 April 2058

   As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. We have been provided with the legal opinion on the title of property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled; and

   ii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights after the land premium has been fully settled.

3. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB1,426,320 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
53.	4 parcels of land located at South of Dandian West Village, Chaoyang District, Beijing, PRC	The property comprises 4 parcels of land with a total site area of approximately 253,950.75 sq.m. (2,733,526 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 2 April 2058 for industrial use. (Please see details in Note 1)	The property is vacant for future development.	RMB177,100,000 (100% interest attributable to the Group: RMB177,100,000) (Please see details in Note 3)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM Property Development Co., Ltd. ("Beijing GEM"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0085	29 April 2008	126,499.94	Granted Land	NA	Industrial	2 April 2058
Jing Chao Guo Yong (2008 Chu) Di No. 0086	29 April 2008	11,002.07	Granted Land	NA	Industrial	2 April 2058
Jing Chao Guo Yong (2008 Chu) Di No. 0087	29 April 2008	34,344.66	Granted Land	NA	Industrial	1 April 2058
Jing Chao Guo Yong (2008 Chu) Di No. 0084	29 April 2008	82,104.08	Granted Land	NA	Industrial	1 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above land use rights certificates.

2. We have been provided with the legal opinion on the title of property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled; and

   ii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights after the land premium has been fully settled.

3. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB22,347,666 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
54.	A parcel of land located at South Court, No. 1 Xifu Village, Jinding Street, Shijingshan District, Beijing, PRC	The property comprises a parcel of land with a site area of approximately 23,861.90 sq.m. (256,849 sq.ft.). The land use rights of the property have been allocated to the Group for office use. (Please see details in Note 1)	The property is vacant for future development.	No commercial value (Please see details in Note 3)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been allocated to BBMA. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Shi Guo Yong (1999 Hua) Zi Di No. 0019	January 2000	43,781.05	Allocated Land	NA	Office	NA

As advised by the Group's PRC legal adviser, the land premium has not been paid for the above Land Use Rights Certificate. The actual site area owned by BBMA is approximately 23,861.90 sq.m.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Group has violated the regulations for allocated land under the PRC laws and regulations and it is possible that the said land use rights be forfeited to the Land Administration Bureau if the Group has not applied the land grant procedure. But before the revocation of the Land Use Rights Certificates, the Group is still entitled to occupy or use the said land use rights according to the relevant Land Use Rights Certificate. However, the Group is not allowed to transfer, lease or mortgage the said land use rights before the land premium has been fully settled and certain permits and approvals have been granted from the Land Administration Bureau.

3. We have ascribed no commercial value to the property as the Group has not obtained a valid Land Use Rights Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
55.	4 parcels of land located at North of Taihang West Road, Fengfengkuang District, Handan, Hebei Province, PRC	The property comprises 4 parcels of land with a total site area of approximately 395,042.57 sq.m. (4,252,238 sq.ft.). The land use rights of the property have been granted to the Group for various terms all expiring on 17 January 2051 for industrial use. (Please see details in Note 1)	The property is vacant for future development.	RMB68,700,000 (33.33% interest attributable to the Group: RMB22,897,710)

Notes:

1. Pursuant to the following land use rights certificates, the land use rights of the property have been granted to Hebei Taihang Huaxin Building Materials Co., Ltd. ("Taihang Huaxin"), a 33.33% owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Han Shi Guo Yong (2006) Di No. FF010005	10 February 2006	551.64	Granted Land	NA	Industrial	17 January 2051
Han Shi Guo Yong (2006) Di No. FF010006	10 February 2006	1,883.56	Granted Land	NA	Industrial	17 January 2051
Han Shi Guo Yong (2006) Di No. FF010007	10 February 2006	898.69	Granted Land	NA	Industrial	17 January 2051
Han Shi Guo Yong (2006) Di No. FF010008	14 February 2006	391,708.68	Granted Land	NA	Industrial	17 January 2051

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above land use rights certificates.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates.

Group IV — Properties held by the Group's Real Estate Business for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
56.	Various residential units of Baohua Home, Shazikou Road, Chongwen District, Beijing, PRC	The property comprises various residential units of a high-rise residential building completed in 2001 and erected over a parcel of land with a site area of approximately 3,700.00 sq.m. (39,827 sq.ft.). The total gross floor area of the property is approximately 1,555.89 sq.m. (16,748 sq.ft.). The land use rights of the property have been granted to the Group for residential use. (Please see details in Note 1)	The property is vacant.	RMB16,500,000 (100% interest attributable to the Group: RMB16,500,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chong Guo Yong (2000 Chu) Zi Di No. 00131	10 January 2001	3,700.00	Granted Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing GEM. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chong Guo Zi Di No. 00456	15 January 2001	16,387.17	NA	Residential

As advised by the Group, the property comprises part of the building with a total gross floor area of approximately 1,555.89 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights of the property;

   ii. the property is not subject to any mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to sell the property; and

iv. Beijing GEM has obtained the Building Ownership Certificate of the property and is entitled to transfer, lease or mortgage the said building.

4. Portion of the property comprising a residential unit with a total gross floor area of approximately 125.42 sq.m. has been contracted to be sold for a total consideration of approximately RMB752,520. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
57.	Various residential and commercial units of Ganluqingyuan Garden, Ganluyuan Nanli, Chaoyang District, Beijing, PRC	The property comprises various residential and commercial units of 3 high-rise residential buildings completed in between 1994 and 2001 and erected over 3 parcels of land with a total site area of approximately 5,135.75 sq.m. (55,281 sq.ft.). The total gross floor area of the property is approximately 1,411.02 sq.m. (15,188 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 7 July 2078 for residential, commercial and ancillary uses. (Please see details in Note 1)	The property is vacant.	RMB10,900,000 (100% interest attributable to the Group: RMB10,900,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2002 Chu) Zi Di No. 0191	July 2002	982.71	Granted Land	NA	Ancillary	6 January 2042
Jing Chao Guo Yong (2000 Chu) Zi Di No. 0189	July 2001	3,512.66	Granted Land	NA	Commercial Residential	25 July 2040 25 July 2070
Jing Chao Guo Yong (2008 Chu) Di No. 0231	28 July 2008	640.38	Granted Land	NA	Residential	7 July 2078

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chao Guo 03 Zi Di No. 01437	NA	2,231.37	NA	NA
X Jing Fang Quan Zheng Chao Qi Zi Di No. 593901	14 August 2008	2,928.00	NA	Residential
Jing Fang Quan Zheng Chao Qi 08 Zi Di No. 002488	13 June 2008	742.64	NA	Commercial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 1,411.02 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights of the property;

   ii. the property is not subject to any mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to sell the property; and

   iv. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer, lease or mortgage the said buildings.

4. Portion of the property comprising various residential units with a total gross floor area of approximately 995.48 sq.m. have been contracted to be sold for a total consideration of approximately RMB6,286,494. In arriving at our opinion of market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
58.	Various residential and commercial units of Jiaye Mansion, Songjiazhuang, Fengtai District, Beijing, PRC	The property comprises various residential and commercial units of 3 high-rise residential buildings completed in between 1996 and 2006 and erected over 3 parcels of land with a total site area of approximately 21,676.90 sq.m. (233,330 sq.ft.). The total gross floor area of the property is approximately 4,811.04 sq.m. (51,786 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 30 August 2074 for residential, underground commercial, storage, underground carpark and ancillary uses. (Please see details in Note 1)	The property is vacant.	RMB36,400,000 (100% interest attributable to the Group: RMB36,400,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2007 Chu) Di No. 002173	June 2007	12,364.75	Granted Land	NA	Ancillary, Underground Commercial	30 August 2044
					Storage	30 August 2054
					Residential	30 August 2074
Jing Feng Guo Yong (2007 Chu) Di No. 002174	June 2007	3,228.00	Granted Land	NA	Underground Carpark	30 August 2054
Jing Feng Guo Yong (2007 Chu) Di No. 002176	June 2007	6,084.15	Granted Land	NA	Residential	30 August 2074

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Feng Gu Zi Di No. 002748	27 July 2007	54,876.36	NA	Underground Carpark, Ancillary, Public Ancillary and Residential
X Jing Fang Quan Zheng Feng Gu Zi Di No. 007965	29 September 2007	17,201.23	NA	Residential

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 4,811.04 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to develop and sell the property; and

   iv. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer, lease or mortgage the said buildings.

4. Portion of the property comprising various residential units with a total gross floor area of approximately 494.07 sq.m. have been contracted to be sold for a total consideration of approximately RMB3,467,728. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
59.	Various residential units and underground carparks of City One, Huajiadi Xili, Chaoyang District, Beijing, PRC	The property comprises various residential units and underground carparks of 3 high-rise residential buildings completed in between 2005 and 2006 and erected over 2 parcels of land with a total site area of approximately 29,756.09 sq.m. (320,295 sq.ft.). The total gross floor area of the property is approximately 3,320.47 sq.m. (35,742 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 3 August 2073 for residential, ancillary, underground ancillary, underground carpark and underground storage uses. (Please see details in Note 1)	The property is vacant.	RMB30,800,000 (100% interest attributable to the Group: RMB30,800,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2004 Chu) Di No. 0691	15 December 2004	5,055.40	Granted Land	NA	Residential	3 August 2073
					Ancillary and Underground Ancillary	3 August 2043
					Underground Carpark	3 August 2053
Jing Chao Guo Yong (2004 Chu) Di No. 0069	6 August 2004	24,700.69	Granted Land	Mortgaged	Residential	16 April 2072
					Ancillary and Underground Ancillary	16 April 2042
					Underground Carpark and Underground Storage	16 April 2052

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 002159	23 December 2005	124,538.84	Mortgaged	Residential, Commercial and Carpark
Jing Fang Quan Zheng Chao Guo 06 Zi Di No. 002385	27 June 2006	35,970.67	NA	Residential, Ancillary and Carpark

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 3,320.47 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. Beijing GEM has fully paid off the mortgages and is applying for the discharges of the said mortgages;

   iii. except for the said mortgages, the property is not subject to any other mortgages or other encumbrances;

   iv. it is legal and effective for Beijing GEM to sell the property; and

   v. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer, lease or mortgage the said buildings.

4. Portion of the property comprising various residential units with a total gross floor area of approximately 1,225.53 sq.m. have been contracted to be sold for a total consideration of approximately RMB11,334,297. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
60.	Various residential units of Nanhu Residential District Renovation Project, Nanhuqu, Chaoyang District, Beijing, PRC	The property comprises various residential units of 8 high-rise residential buildings completed in between 1997 and 2004 and erected over 7 parcels of land with a total site area of approximately 71,773.02 sq.m. (772,565 sq.ft.). The total gross floor area of the property is approximately 1,039.63 sq.m. (11,191 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 24 June 2073 for residential, commercial, underground commercial, underground carpark and storage uses. (Please see details in Note 1)	The property is vacant.	RMB85,000,000 (100% interest attributable to the Group: RMB85,000,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2003 Chu) Di No. 0387	29 May 2007	18,062.53	Granted Land	Mortgaged	Residential	8 February 2073
					Commercial and Underground Commercial	8 February 2043
					Underground Carpark and Storage	8 February 2053
Jing Chao Guo Yong (2003 Chu) Zi Di No. 0388	13 April 2004	7,074.36	Granted Land	NA	Residential	8 February 2073
Jing Chao Guo Yong (2004 Chu) Di No. 0703	27 December 2004	17,768.66	Granted Land	NA	Residential	24 June 2073
Jing Chao Guo Yong (1999 Chu) Zi Di No. 00058	September 1999	7,881.48	Granted Land	NA	Residential	17 June 2069
Jing Chao Guo Yong (2007 Chu) Di No. 0059	28 February 2007	15,582.33	Granted Land	NA	Commercial	18 January 2039
					Residential	18 January 2069

Land Use Rights Certificate No.	Date of Issue	Site Area	Status of Land	Mortgage	Usage	Expiry Date
		(sq.m.)				
Jing Chao Guo Yong (2000 Chu) Zi Di No. 0179	September 2000	3,049.93	Granted Land	NA	Residential	4 July 2070
Jing Chao Guo Yong (2000 Chu) Zi Di No. 0090	26 May 2005	2,353.73	Granted Land	NA	Residential	24 January 2070

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificate — Jing Chao Guo Yong (2003 Chu) Di No. 0387 includes that relating to Property No. 109 set out in this property valuation report.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA	Mortgage	Usage
		(sq.m.)		
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 001994	26 July 2005	86,624.99	Mortgaged	Residential, Commercial and Carpark
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 001983	13 July 2005	9,691.15	NA	Residential
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 001993	26 July 2007	14,788.92	NA	Residential
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 001826	24 January 2005	25,165.60	NA	Residential
Jing Fang Quan Zheng Chao Qi 07 Zi Di No. 002353	July 2007	284.92	NA	Residential
Jing Fang Quan Zheng Chao Guo 06 Zi Di No. 002390	June 2006	19,591.69	NA	Residential
Jing Fang Quan Zheng Chao Qi 08 Zi Di No. 002478	May 2008	1,271.46	NA	Commercial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 1,039.63 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

ii. the land use rights of portion of the property with a site area of approximately 1,810.67 sq.m. under Land Use Rights Certificate — Jing Guo Yong (2003 Chu) Di No. 0387 and portion of the said buildings with a total gross floor area of approximately 8,431.61 sq.m. under Building Ownership Certificate — Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 001994 are subject to mortgages for terms expired on 30 August 2008 and 30 April 2009 respectively. As confirmed by Beijing GEM, the mortgages have been fully paid off and the property does not include such portion;

iii. except for the said mortgages, the property is not subject to any other mortgages or other encumbrances;

iv. it is legal and effective for Beijing GEM to sell the property; and

v. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer, lease or mortgage the said buildings.

4. Portion of the property comprising various residential units with a total gross floor area of approximately 350.73 sq.m. have been contracted to be sold for a total consideration of approximately RMB2,108,580. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
61.	Various residential and commercial units and ancillary facilities of CBD Central Apartments, No. 31 Guangqumenwai Main Street, Chaoyang District, Beijing, PRC	The property comprises various residential and commercial units and ancillary facilities of 10 high-rise residential buildings completed in between 1997 and 2008 and erected over 8 parcels of land with a total site area of approximately 87,156.31 sq.m. (938,151 sq.ft.). The total gross floor area of the property is approximately 17,052.41 sq.m. (183,552 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 23 November 2076 for residential, commercial, underground carpark, underground storage and ancillary uses. (Please see details in Note 1)	The property is vacant.	RMB86,000,000 (100% interest attributable to the Group: RMB86,000,000 (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2000 Chu) Zi Di No. 0137	July 2000	2,143.24	Granted Land	NA	Residential	24 May 2070
Jing Chao Guo Yong (2004 Chu) Di No. 0297	November 2004	24,110.73	Granted Land	NA	Residential	6 March 2074
					Ancillary	6 March 2044
					Underground Carpark	6 March 2054
Jing Chao Guo Yong (2003 Chu) Di No. 0135	April 2003	3,178.92	Granted Land	NA	Residential	3 June 2072
Jing Chao Guo Yong (2002 Chu) Zi Di No. 0226	September 2002	20,857.15	Granted Land	NA	Residential	17 February 2070
Jing Chao Guo Yong (1999 Chu) Di No. 00018	June 1999	4,826.65	Granted Land	NA	Residential	16 May 2069
Jing Chao Guo Yong (Di) Zi Di No. 000295	April 1998	10,508.213	Granted Land	NA	Residential	15 April 2068

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2007 Chu) Di No. 0286	5 July 2007	14,180.52	Granted Land	NA	Residential	23 November 2076
					Commercial	23 November 2046
					Underground Carpark and Underground Storage	23 November 2056
Jing Chao Guo Yong (2007 Chu) Di No. 0058	3 March 2007	7,350.89	Granted Land	NA	Commercial and Underground Commercial	5 February 2044
					Underground Carpark	5 February 2054

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of portion of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chao Guo 03 Zi Di No. 01442	December 2003	1,342.89	NA	NA
Jing Fang Quan Zheng Chao Guo 04 Zi Di No. 001546	May 2004	23,186.10	NA	Residential
Jing Fang Quan Zheng Chao Qi 07 Zi Di No. 002313	2007	191.40	NA	Residential
Jing Fang Quan Zheng Chao Guo 04 Zi Di No. 001500	16 March 2004	22,688.67	NA	Residential
Jing Fang Quan Zheng Chao Qi 07 Zi Di No. 002305	2007	259.40	NA	Residential
Jing Fang Quan Zheng Chao Guo 06 Zi Di No. 002302	September 2006	105,307.84	NA	Residential, Public Ancillary, Ancillary, Storage, Commercial and Carpark
Jing Fang Quan Zheng Chao Zi Di No.666561	30 April 2009	4,841.36	NA	Commercial and Others
Jing Fang Quan Zheng Chao Zi Di No.666563	30 April 2009	55,105.83	NA	Carpark, Ancillary and Residential

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 4,950.24 sq.m. as stipulated in the said Building Ownership Certificates.

3. Pursuant to 2 Construction Completion Certificates – [Chao Yang] 2008-175 and [Chao Yang] 2008-397 dated between June 2008 and December 2008, the planned construction works with a total gross floor area of approximately 25,450.00 sq.m. have been certified to be completed.

As advised by the Group, the property comprises part of the buildings of the above Construction Completion Certificates with a total gross floor area of approximately 12,102.17 sq.m., out of which the buildings with a total gross floor area of approximately 2,102.17 sq.m. are being held for sale by the Group.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to sell the property;

   iv. Beijing GEM has obtained the Building Ownership Certificates of portion of the property with a total gross floor area of approximately 4,950.24 sq.m. and is entitled to transfer, lease or mortgage the said buildings; and

   v. there is no substantial legal impediments for Beijing GEM to obtain the Building Ownership Certificates for the remaining portion of the property with a total gross floor area of approximately 2,102.17 sq.m.

5. Portion of the property comprising various residential units and commercial units with a total gross floor area of approximately 3,065.15 sq.m. have been contracted to be sold for a total consideration approximately RMB40,713,972. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
62.	Various residential and commercial units of Chaoyang New City, Dongba Village, Chaoyang District, Beijing, PRC	The property comprises various residential and commercial units of 14 high-rise residential buildings completed in between 2004 and 2009 and erected over 3 parcels of land with a total site area of approximately 112,624.35 sq.m. (1,212,289 sq.ft.). The total gross floor area of the property is approximately 33,707.75 sq.m. (362,830 sq.ft.). The land use rights of the property have been granted and allocated to the Group for various terms with the latest term expiring on 6 February 2045 for residential, commercial and ancillary uses. (Please see details in Note 1)	The property is vacant.	RMB115,000,000 (100% interest attributable to the Group: RMB115,000,000) (Please see details in Notes 4 and 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted and allocated to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2005 Chu) Di No. 0270	20 May 2005	5,527.40	Granted Land	NA	Commercial	6 February 2045
Jing Chao Guo Yong (2003 Hua) Zi Di No. 0472	28 September 2004	35,713.68	Allocated Land	NA	Ancillary and Residential	NA
Jing Chao Guo Yong (2006 Hua) Di No. 0223	13 July 2006	71,383.27	Allocated Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate — Jing Chao Guo Yong (2005 Chu) Di No. 0270 and the land premium is not necessary to be paid for the above Land Use Rights Certificates — Jing Chao Guo Yong (2003 Hua) Zi Di No. 0472 and Jing Chao Guo Yong (2006 Hua) Di No. 0223.

2. Pursuant to the following Building Ownership Certificates, the building ownership is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chao Guo 06 Zi Di No. 002398	10 July 2006	9,020.39	NA	Residential
X Jing Fang Quan Zheng Chao Qi Zi Di No. 593593	14 August 2008	8,429.40	NA	Residential
X Jing Fang Quan Zheng Chao Qi Zi Di No. 578542	23 June 2008	69,665.67	NA	NA
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 002030	16 August 2005	6,433.92	NA	Commercial
X Jing Fang Quan Zheng Chao Zi Di No. 613348	12 November 2008	33,199.83	NA	Residential and Others
X Jing Fang Quan Zheng Chao Zi Di No. 676427	27 May 2009	4,214.70	NA	Residential

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 33,707.75 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights of portion of the property with a total site area of 5,527.40 sq.m. in granted land status;

ii. Beijing GEM is also entitled to transfer or mortgage the said land use rights of the remaining portion of the property with a total site area of approximately 107,096.95 sq.m. in allocated land status in accordance with the regulations relating to Economically Affordable House;

iii. the property is not subject to any mortgages or other encumbrances;

iv. it is legal and effective for Beijing GEM to sell the property; and

v. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer, lease or mortgage the said buildings.

4. The valuation is based on the assumption that the sale of portion of the property with a total gross floor area of approximately 33,506.18 sq.m. is complied with the regulations relating to Economically Affordable House.

5. Portion of the property comprising various residential units with a total gross floor area of approximately 324.31 sq.m. have been contracted to be sold for a total consideration of approximately RMB1,073,466. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
63.	Various residential units and carparks of Tiantan Kungkuan, Xingfu Main Street, Chongwen District, Beijing, PRC	The property comprises various residential units and carparks of 3 medium-rise residential buildings completed in between 2003 and 2009 and erected over 3 parcels of land with a total site area of approximately 18,177.23 sq.m. (195,660 sq.ft.). The total gross floor area of the property is approximately 15,269.37 sq.m. (164,359 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 11 May 2076 for residential and underground carpark uses. (Please see details in Note 1)	The property is vacant.	RMB121,000,000 (100% interest attributable to the Group: RMB121,000,000) (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chong Guo Yong (2003 Chu) Zi Di No. 00196	2 June 2003	12,140.15	Granted Land	NA	Underground Carparking Residential	3 June 2052 3 June 2072
Jing Chong Guo Yong (2007 Chu) Di No. 00010	31 January 2007	1,724.00	Granted Land	NA	Underground Carparking Residential	11 May 2056 11 May 2076
Jing Chong Guo Yong (2008 Chu) Di No. 00049	2008	4,313.08	Granted Land	NA	Residential	28 March 2073

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chong Guo Zi Di No. 00988	18 March 2004	26,390.89	NA	Residential and Others
X Jing Fang Quan Zheng Chong Gu Zi Di No. 08003908	28 July 2008	5,373.31	NA	Carpark, Management Room and Residential
X Jing Fang Quan Zheng Chong Zi Di No. 08005385	18 September 2008	7,164.40	NA	Residential

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 12,261.91 sq.m. as stipulated in the said Building Ownership Certificates.

3. Pursuant to a Construction Completion Certificate – Chong Jun Bei Zi No. [2009] 010 dated 14 March 2009, the planned construction works with a total gross floor area of approximately 10,171.86 sq.m. have been certified to be completed.

   As advised by the Group, portion of the property included in the said Construction Completion Certificate with a total gross floor area of approximately 7,164.40 sq.m. has obtained the Building Ownership Certificate while the remaining portion of the property with a total gross floor area of approximately 3,007.46 sq.m. was under the process of applying for the Building Ownership Certificate.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to sell the property;

   iv. Beijing GEM has obtained the Building Ownership Certificates of portion of the property with a total gross floor area of approximately 12,261.91 sq.m. and is entitled to transfer, lease or mortgage the said buildings; and

   v. there is no legal impediments for Beijing GEM to obtain the Building Ownership Certificate for the property with a total gross floor area of approximately 3,007.46 sq.m.

5. Portion of the property comprising various residential units with a total gross floor area of approximately 1,682.70 sq.m. have been contracted to be sold for a total consideration of approximately RMB14,755,710. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
64.	Two residential units of Jiandongyuan Garden, Guanzhuang, Chaoyang District, Beijing, PRC	The property comprises two residential units of 2 medium-rise residential buildings completed in 2000 and erected over a parcel of land with a site area of approximately 55,359.46 sq.m. (595,889 sq.ft). The total gross floor area of the property is approximately 161.00 sq.m. (1,733 sq.ft.). The land use rights of the property have been allocated to the Group for residential use. (Please see details in Note 1)	The property is vacant.	RMB499,000 (100% interest attributable to the Group: RMB499,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been allocated to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2000 Hua) Zi Di No. 0114	July 2000	55,359.46	Allocated Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium is not necessary to be paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing GEM. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 002017	August 2005	34,650.56	NA	Residential

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 161.00 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer the said land use rights in accordance with the regulations relating to Economically Affordable House;

ii. the property is not subject to any mortgages or other encumbrances;

iii. it is legal and effective for Beijing GEM to sell the property; and

iv. Beijing GEM has obtained the Building Ownership Certificate of the property and is entitled to transfer the said buildings.

4. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Economically Affordable House.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
65.	Various residential units of Shuanghui Living District, Shuangqiao Road, Chaoyang District, Beijing, PRC	The property comprises various residential units of 3 medium-rise residential buildings completed in between 2004 and 2006 and erected over 3 parcels of land with a total site area of approximately 65,610.30 sq.m. (706,229 sq.ft.). The total gross floor area of the property is approximately 2,094.27 sq.m. (22,543 sq.ft.). The land use rights of the property have been allocated to the Group for residential use. (Please see details in Note 1)	The property is vacant.	RMB6,720,000 (100% interest attributable to the Group: RMB6,720,000) (Please see details in Notes 4 and 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been allocated to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2004 Hua) Zi Di No. 0383	August 2004	18,515.95	Allocated Land	NA	Residential	NA
Jing Chao Guo Yong (2004 Hua) Zi Di No. 0382	August 2004	31,214.82	Allocated Land	NA	Residential	NA
Jing Chao Guo Yong (2003 Hua) Zi Di No. 0272	October 2003	15,879.53	Allocated Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium is not necessary to be paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Qi Zi Di No. 502616	2007	7,220.39	NA	Residential
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 001962	June 2005	38,853.71	NA	Residential
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 001284	January 2005	26,084.28	NA	Residential

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 2,094.27 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer or mortgage the said land use rights in accordance with the regulations relating to Economically Affordable House;

   ii. the property is not subject to any mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to sell the property; and

   iv. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer the said buildings.

4. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Economically Affordable House.

5. Portion of the property comprising a residential unit with a total gross floor area of approximately 106.84 sq.m. has been contracted to be sold for a total consideration of approximately RMB342,956. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
66.	Various residential and commercial units of Jianxinyuan Garden, Dahongmen West Road, Fengtai District, Beijing, PRC	The property comprises various residential and commercial units of 8 medium-rise residential buildings completed in between 2001 and 2007 and erected over 5 parcels of land with a total site area of approximately 77,929.24 sq.m. (838,830 sq.ft.). The total gross floor area of the property is approximately 32,240.05 sq.m. (347,032 sq.ft.). The land use rights of the property have been granted and allocated to the Group for various terms with the latest term expiring on 15 December 2042 for residential and commercial ancillary uses. (Please see details in Note 1)	The property is vacant.	RMB119,000,000 (100% interest attributable to the Group: RMB119,000,000) (Please see details in Notes 4 and 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted and allocated to Beijing GEM. Details of the said certificates which are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2007 Chu) Zi Di No. 001545	24 December 2007	752.02	Granted Land	NA	Commercial Ancillary	15 December 2042
Feng Guo Yong (2004) Zi Di No. 001875	June 2004	26,723.94	Allocated Land	NA	Residential	NA
Jing Feng Guo Yong (2001) Zi Di No. 001312	October 2001	31,304.55	Allocated Land	NA	Residential	NA
Feng Guo Yong (2006) Di No. 002654	11 April 2006	16,001.32	Allocated Land	NA	Residential	NA
Jing Feng Guo Yong (2008 Hua) Di No. 00037	3 February 2008	3,147.41	Allocated Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate — Jing Feng Guo Yong (2007 Chu) Zi Di No. 001545. The land premium is not necessary to be paid for the above Land Use Rights Certificates — Feng Guo Yong (2004) Zi Di No. 001875, Jing Feng Guo Yong (2001) Zi Di No. 001312, Feng Guo Yong (2006) Di No. 0026254 and Jing Feng Guo Yong (2008 Hua) Di No. 00037.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Feng Guo Zi Di No. 03687	2 November 2004	8,843.99	NA	Residential
Jing Fang Quan Zheng Feng Guo Zi Di No. 02413	16 July 2002	8,241.30	NA	Residential
Jing Fang Quan Zheng Feng Guo Zi Di No. 02683	21 February 2003	7,259.17	NA	Residential
X Jing Fang Quan Zheng Feng Gu Zi Di No. 047110	July 2008	2,479.07	NA	Residential
X Jing Fang Quan Zheng Feng Gu Zi Di No. 042795	July 2008	19,295.59	NA	Residential and Bicycle Park
X Jing Fang Quan Zheng Feng Gu Zi Di No. 043290	July 2008	23,594.07	NA	Residential and Bicycle Park
X Jing Fang Quan Zheng Feng Gu Zi Di No. 047111	July 2008	2,281.66	NA	Residential
X Jing Fang Quan Zheng Feng Gu Zi Di No. 048586	August 2008	15,572.69	NA	Residential
Jing Fang Quan Zheng Feng Guo Zi Di No. 02178	March 2002	16,134.61	NA	Residential and Commercial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 32,420.05 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights of portion of the property with a total site area of approximately 752.02 sq.m. in granted land status;

   ii. Beijing GEM is also entitled to transfer the said land use rights of the remaining portion of the property with a total site area of approximately 77,177.22 sq.m. in allocated land status in accordance with the regulations relating to Economically Affordable House;

   iii. the property is not subject to any mortgages or other encumbrances;

   iv. it is legal and effective for Beijing GEM to develop and sell the property; and

   v. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer, lease or mortgage the said buildings with a total gross floor area of approximately 65.81 sq.m. erected on the granted land and is entitled to transfer the buildings with a total gross floor area of 32,174.24 sq.m. erected on the allocated land.

4. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Economically Affordable House.

5. Portion of the property comprising various residential and commercial units with a gross floor areas of approximately 377.38 sq.m. have been contracted to be sold for a total consideration of approximately RMB920,448. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
67.	Various residential units of Xicuifangting Garden, Qingta Dongli, Fengtai District, Beijing, PRC	The property comprises various residential units of 3 high-rise residential buildings completed in 2007 and erected over a parcel of land with a site area of 12,153.35 sq.m. (130,819 sq.ft.) . The total gross floor area of the property is approximately 1,416.78 sq.m. (15,250 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 29 July 2072 for residential and carpark uses. (Please see details in Note 1)	The property is vacant.	RMB12,600,000 (100% interest attributable to the Group: RMB12,600,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2006 Chu) Di No. 002609	February 2006	12,153.35	Granted Land	NA	Carparks Residential	29 July 2052 29 July 2072

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Feng Gu 05 Zi Di No. 022836	16 January 2008	12,139.72	NA	Residential and Bicycle Park
X Jing Fang Quan Zheng Feng Gu Zi Di No. 022827	16 January 2008	22,673.18	NA	Residential and Bicycle Park

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 1,416.78 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances;

iii. it is legal and effective for Beijing GEM to develop and sell the property; and

iv. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer, lease or mortgage the said buildings.

4. Portion of the property comprising a residential unit with a total gross floor area of approximately 126.43 sq.m. have been contracted to be sold for a total consideration of approximately RMB978,264. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
68.	Various office units and carparks of Jiahua Plaza, Shangdi Gongmaoyuan, Haidian District, Beijing, PRC	The property comprises various office units and carparks of 2 high-rise office buildings completed in 2006 and erected over a parcel of land with a site area of approximately 17,699.20 sq.m. (190,514 sq.ft.) The total gross floor area of the property is approximately 385.96 sq.m. (4,154 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 30 August 2054 for office, commercial and underground carpark uses. (Please see details in Note 1)	The property is vacant.	RMB4,820,000 (100% interest attributable to the Group: RMB4,820,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2005 Chu) Di No. 3459	22 July 2005	17,699.20	Granted Land	NA	Commercial	30 August 2044
					Underground Carpark and Office	30 August 2054

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing GEM. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Hai Guo Zi Di No. 02359	1 November 2004	137,703.12	NA	Office

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 385.96 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to develop and sell the property; and

   iv. Beijing GEM has obtained the Building Ownership Certificate of the property and is entitled to transfer, lease or mortgage the said buildings.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
69.	Various residential and commercial units of Jinyu Town-House, Tiancun Liumingjiayuan, Haidian District, Beijing, PRC	The property comprises various residential and commercial units of 17 residential and commercial buildings completed in 2008 and erected over a parcel of land with a site area of approximately 62,595.30 sq.m. (673,776 sq.ft.). The total gross floor area of the property is approximately 14,042.96 sq.m. (151,158 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 30 August 2074 for residential, commercial and carpark uses. (Please see details in Note 1)	The property is vacant.	RMB260,000,000 (100% interest attributable to the Group: RMB260,000,000) (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2005 Chu) Di No. 3372	30 May 2005	62,595.30	Granted Land	NA	Commercial	30 August 2044
					Residential	30 August 2074
					Underground Carpark	30 August 2054

As advised by the Group, the above Land Use Rights Certificate includes that relating to Property No. 79 set out in this property valuation report.

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of portion of the property with a total gross floor area of approximately 7,857.33 sq.m. is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Hai Qi Zi Di No. 051235	August 2008	37,546.75	NA	NA
X Jing Fang Quan Zheng Hai Zi Di No. 075903	March 2009	3,146.61	NA	NA

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 7,857.33 sq.m. as stipulated in the said Building Ownership Certificate.

3. Pursuant to 2 Construction Completion Certificates – Hai 08-11-09 and Hai 08-11-10 dated between 28 February 2008 and 10 November 2008, the planned construction works of portion of the property with a total gross floor area of approximately 10,742.80 sq.m. have been certified to be completed.

As advised by the Group, the property comprises part of the buildings of the above Construction Completion Certificates with a total gross floor area of approximately 6,185.63 sq.m.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to sell the property;

   iv. Beijing GEM has obtained the Building Ownership Certificates of portion of the property with a total gross floor area of approximately 7,857.33 sq.m. and is entitled to transfer, lease or mortgage the said buildings; and

   v. there is no legal impediments for Beijing GEM to obtain the Building Ownership Certificate of the remaining portion of the property with a total gross floor area of approximately 6,185.63 sq.m.

5. Portion of the property comprising various residential units with a total gross floor area of approximately 2,940.49 sq.m. have been contracted to be sold for a total consideration of approximately RMB74,115,027. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
70.	Various residential units of Miaopu Housing Renovation Project, No. 6 Linhong Road, Fengtai District, Beijing, PRC	The property comprises various residential units of 2 residential buildings completed in 2006 and erected over 2 parcels of land with a total site area of approximately 8,552.59 sq.m. (92,060 sq.ft.). The total gross floor area of the property is approximately 25,924.78 sq.m. (279,054 sq.ft.). The land use rights of the property have been granted and allocated to the Group for a term expiring on 12 June 2077 for residential use. (Please see details in Note 1)	The property is vacant.	RMB38,500,000 (100% interest attributable to the Group: RMB38,500,000) (Please see details in Notes 4 and 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted and allocated to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2007 Chu) Di No. 002922	3 July 2007	3,295.52	Granted Land	NA	Residential	12 June 2077
Jing Feng Guo Yong (2007 Hua) Di No. 002656	3 July 2007	5,257.07	Allocated Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate — Jing Feng Guo Yong (2007 Chu) Di No. 002922. The land premium is not necessary to be paid for the above Land Use Rights Certificate — Jing Feng Guo Yong (2007 Hua) Di No. 002656.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Feng Gu Zi Di No. 000982	25 April 2007	27,624.71	NA	Residential and Bicycle Park
X Jing Fang Quan Zheng Feng Gu Zi Di No. 000961	20 April 2007	8,942.36	NA	Residential and Bicycle Park

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 25,924.78 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights of portion of the property with a total site area of approximately 3,295.52 sq.m. in granted land status;

   ii. Beijing GEM is also entitled to transfer the said land use rights of the remaining portion of the property with a total site area of approximately 5,257.07 sq.m. in allocated land status in accordance with the regulations relating to Renovation and Resettlement House;

   iii. the property is not subject to any mortgages or other encumbrances;

   iv. it is legal and effective for Beijing GEM to develop and sell the property; and

   v. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer, lease or mortgage the said buildings.

4. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Housing Renovation Projects.

5. Portion of the property comprising various residential units with a total gross floor area of approximately 23,003.41 sq.m. have been contracted to be sold for a total consideration of approximately RMB33,296,342. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in Existing state as at 31 May 2009
71.	Various residential units of BBMG 7090, South of Qiaozhuang Village, Tongzhou District, Beijing, PRC	The property comprises various residential units of 6 residential buildings completed in 2008 and erected over 2 parcels of land with a total site area of approximately 75,848.96 sq.m. (816,438 sq.ft.). The total gross floor area of the property is approximately 41,900.16 sq.m. (451,013 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 4 September 2076 for residential, commercial and underground office uses. (Please see details in Note 1)	The property is vacant.	RMB313,000,000 (100% interest attributable to the Group: RMB313,000,000) (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Tong Guo Yong (2008 Chu) Di No. 012	24 March 2008	42,151.31	Granted Land	Mortgaged	Residential Commercial Underground Office	4 September 2076 4 September 2046 4 September 2066
Jing Tong Guo Yong (2008 Chu) Di No. 013	24 March 2008	33,697.65	Granted Land	Mortgaged	Residential Commercial Underground Office	4 September 2076 4 September 2046 4 September 2066

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificates include those relating to Property No. 80 set out in this property valuation report.

2. Pursuant to 3 Construction Completion Certificates – 2008 Tong No. 0143, 2008 Tong No. 0144 and 2008 Tong No. 0145, the planned construction works of the property with a total gross floor area of approximately 68,435.00 sq.m. have been certified to be completed.

   As advised by the Group, the property comprises part of the buildings of the above Construction Completion Certificates with a total gross floor area of approximately 41,900.16 sq.m.

3. Pursuant to 2 Pre-sale Permits — Jing Fang Shou Zheng Zi (2008) Nos. 189 and 276, portion of the property has been permitted to be pre-sold.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to occupy, use or earn from the said land use rights. However, before approvals from the mortgagees have been obtained, Beijing GEM is not allowed to transfer, mortgage or dispose of the mortgaged land use rights;

   ii. except for the said mortgages, the property is not subject to any other mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to sell the property; and

   iv. there is no legal impediment for Beijing GEM to obtain the Building Ownership Certificates of the property.

5. Portion of the property comprising various residential units with a total gross floor area of approximately 2,342.20 sq.m. have been contracted to be sold for a total consideration of approximately RMB17,525,004. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in Existing state as at 31 May 2009
72.	Various residential units of Jinyu Meiheyuan, Qinghe Xiaoying, Haidian District, Beijing, PRC	The property comprises various residential units of 9 high-rise residential buildings completed in 2008 and erected over 2 parcels of land with a total site area of approximately 63,252.10 sq.m. (680,846 sq.ft.). The total gross floor area of the property is of approximately 34,872.34 sq.m. (375,366 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 7 August 2077 for residential and commercial uses. (Please see details in Note 1)	The property is vacant.	RMB230,000,000 (100% interest attributable to the Group: RMB230,000,000) (Please see details in Notes 4 and 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2007 Chu) Di No. 4261	31 October 2007	19,269.98	Granted Land	Mortgaged	Residential Commercial	7 August 2077 7 August 2047
Jing Hai Guo Yong (2008 Chu) Di No. 4511	29 July 2008	43,982.12	Granted Land	Mortgaged	Residential	7 August 2077

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificates include those relating to Property No. 76 set out in this property valuation report.

2. Pursuant to 3 Construction Completion Certificates – Hai 08-12-26, Hai 08-12-27 and Hai 08-12-28, the planned construction works of the property with a total gross floor area of approximately 90,761.90 sq.m. have been certified to be completed.

   As advised by the Group, the property comprises part of the buildings of the above Construction Completion Certificates with a total gross floor area of approximately 34,872.34 sq.m.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property

   ii. before approvals from the mortgagee have been obtained, Beijing GEM is only entitled to occupy or use the land use rights and is not allowed to transfer, mortgage and dispose of the said land use rights;

   iii. except for the said mortgage, the property is not subject to any other mortgages or other encumbrances;

   iv. it is legal and effective for Beijing GEM to sell the property; and

   v. there is no legal impediment for Beijing GEM to obtain the Building Ownership Certificates of the property.

4. Portion of the property comprising various residential units with a total gross floor area of approximately 7,827.28 sq.m. have been contracted to be sold for a total consideration of approximately RMB51,660,048. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

5. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Reasonable Priced House.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
73.	Various residential units and carparks of Jinyu Fenglinzhou, No. 265 Yaojiayuan Xikou, Chaoyang District, Beijing, PRC	The property comprises various residential units and carparks of 12 residential and commercial buildings completed in 2008 and erected over 2 parcels of land with a total site area of approximately 29,139.50 sq.m. (313,658 sq.ft.). The total gross floor area of the property is approximately 20,924.83 sq.m. (225,235 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 23 January 2076 for residential, commercial and underground carpark uses. (Please see details in Note 1)	The property is vacant.	RMB256,000,000 (100% interest attributable to the Group: RMB256,000,000) (Please see details in Note 6)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2006 Chu) Di No. 0069	18 January 2007	13,928.92	Granted land	NA	Residential	23 January 2076
					Commercial	23 January 2046
					Underground Carpark	23 January 2056
Jing Chao Guo Yong (2006 Chu) Di No. 0070	18 January 2007	15,210.58	Granted land	NA	Residential	23 January 2076
					Commercial	23 January 2046
					Underground Carpark	23 January 2056

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of portion of the property with a total gross floor area of approximately 11,041.04 sq.m. is vested in Beijing GEM. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Zi Di No. 665625	28 April 2009	13,165.09	NA	Residential and Bicycle Park
X Jing Fang Quan Zheng Chao Zi Di No. 675149	25 May 2009	15,495.55	NA	Residential and Bicycle Park

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 11,041.04 sq.m. as stipulated in the said Building Ownership Certificates.

3. Pursuant to 2 Construction Completion Certificates – [Chao Yang] 2008-305 and [Chao Yang] 2008-306 dated September 2008, the planned construction works of the property with a total gross floor area of approximately 71,404.93 sq.m. have been certified to be completed.

   As advised by the Group, the property comprises part of the buildings of the above Construction Completion Certificates with a total gross floor area of approximately 9,883.79 sq.m.

4. Pursuant to 3 Pre-sale Permits – Jing Fang Shou Zheng Zi (2007) Nos. 101, 248 and 386 dated 2007, portion of the property has been permitted to be pre-sold.

5. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights of the property;

   ii. the property is not subject to any mortgages or other encumbrances;

   iii. it is legal and effective for Beijing GEM to sell the property;

   iv. Beijing GEM has obtained the Building Ownership Certificates of the property and is entitled to transfer, lease or mortgage the said buildings of portion of the property with a total gross floor area of approximately 11,041.04 sq.m.; and

   v. there is no legal impediments for Beijing GEM to obtain Building Ownership Certificate for the said buildings of portion of the property with a total gross floor area of approximately 9,883.79 sq.m.

6. Portion of the property comprising various residential units and carparks with a total gross floor area of approximately 2,657.03 sq.m. have been contracted to be sold for a total consideration of approximately RMB19,558,418. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

Group V — Properties held by the Group's Real Estate Business under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
74.	Various residential buildings of Jinyu Vanke City, Changping Kejiyuan, Changping District, Beijing, PRC	The property comprises a parcel of land with a site area of approximately 62,205.36 sq.m. (669,578 sq.ft.) on which 9 residential buildings are being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 186,405.90 sq.m. (2,006,473 sq.ft.). The construction works of the proposed development was commenced in December 2007 and is scheduled to be completed in October 2009. The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 1 March 2077 for residential, composite and underground carpark uses. (Please see details in Note 1)	The property is under construction.	RMB608,000,000 (51% interest attributable to the Group: RMB310,080,000) (Please see details in Notes 6 and 9)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG Vanke Real Estate Development Co., Ltd. ("BBMG Vanke"), a 51% owned jointly-controlled entity of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chang Guo Yong (2008 Chu Bian) Di No. 044	2008	62,205.363	Granted Land	NA	Residential	1 March 2077
					Composite and Underground Carparks	1 March 2057

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to a Planning Permit for Land for Construction — 2008 Gui (Chang) Di Zi No. 0001 dated 21 January 2008, the planned construction works of the property have been approved on the land of the property.

3. Pursuant to 3 Planning Permits for Construction Projects — 2007 Gui (Chang) Jian Zi Nos. 0125 and 0111 and 2008 Gui (Chang) Jian Zi No. 0084 dated between 6 December 2007 and 2 July 2008, the planned construction works of the property with a total gross floor area of approximately 186,405.90 sq.m. have been approved for construction.

4. Pursuant to 3 Construction Permits — [2008] Shi Jian Zi Nos. 0012, 0254 and 1389, the planned construction works of the property with a total gross floor area of approximately 186,405.90 sq.m. have been permitted to commence.

5. Pursuant to a Pre-sale Permit — Jing Fang Shou Zheng Zi (2008) No. 144 dated 27 April 2008, portion of the property with a total gross floor area of approximately 169,785.49 sq.m. have been permitted to be pre-sold.

6. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB189,538,495 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB383,311,514. In the course of our valuation, we have taken into account the said estimated development cost to completion.

7. The market value of the property as if completed as at 31 May 2009 was RMB1,230,000,000.

8. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. BBMG Vanke is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances; and

   iii. it is legal and effective for BBMG Vanke to develop and sell the property.

9. Portion of the property comprising various residential units commercial units and carparks units with a total gross floor area of approximately 114,749.53 sq.m. have been contracted to be sold for a total consideration of approximately RMB821,235,802. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
75.	Various residential buildings of Chaoyang New City, Dongba Village, Chaoyang District, Beijing, PRC	The property comprises a parcel of land with a site area of approximately 90,191.08 sq.m. (970,817 sq.ft.) on which 2 residential buildings are being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 27,076.00 sq.m. (291,446 sq.ft.). The construction works of the proposed development was commenced in November 2007 and is scheduled to be completed in December 2009. The land use rights of the property have been allocated to the Group for residential use. (Please see details in Note 1)	The property is under construction.	RMB47,200,000 100% interest attributable to the Group: RMB47,200,000 (Please see details in Notes 5 and 8)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been allocated to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2007 Hua) Di No. 0284	18 July 2007	90,191.08	Allocated Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium is not necessary to be paid for the above Land Use Rights Certificate.

As advised by the Group, the above Land Use Rights Certificate include that relating to Property No. 87 set out in this property valuation report.

2. Pursuant to a Planning Permit for Land for Construction — 2006 Gui Di Zi No. 0078 dated 7 April 2006, the planned construction works of the property with a site area of approximately 325,569.19 sq.m. have been approved on the land of the property.

3. Pursuant to a Planning Permit for Construction Projects — 2007 Gui (Chao) Jian Zi No. 0277 dated 13 November 2007, the planned construction works of the property with a total gross floor area of approximately 27,076.00 sq.m. have been approved for construction.

4. Pursuant to 2 Construction Permits — [2008] Shi (Chao) Jian Zi Nos. 0018 and 0019 dated 31 January 2008, the planned construction works of the property with a total gross floor area of approximately 27,076.00 sq.m. have been permitted to commence.

5. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB46,044,604 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB27,042,869. In the course of our valuation, we have taken into account the said estimated development cost to completion.

6. The market value of the property as if completed as at 31 May 2009 was RMB89,600,000.

7. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer or mortgage the said land use rights in allocated land status in accordance with the regulations relating to Economically Affordable House; and

   ii. the property is not subject to any mortgages or other encumbrances.

8. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Economically Affordable House.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
76.	Various residential buildings of Jinyu Meiheyuan, Qinghe Xiaoying, Haidian District, Beijing, PRC	The property comprises 2 parcels of land with a total site area of approximately 63,252.10 sq.m. (680,846 sq.ft.) on which various residential buildings are being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 77,966.90 sq.m. (839,236 sq.ft.). The construction works of the proposed development was commenced in November 2007 and is scheduled to be completed in December 2009. The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 7 August 2077 for residential and commercial uses. (Please see details in Note 1)	The property is under construction.	RMB399,000,000 (100% interest attributable to the Group: RMB399,000,000) (Please see details in Notes 6, 9 and 10)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2007 Chu) Di No. 4261	31 October 2007	19,269.98	Granted Land	Mortgaged	Residential	7 August 2077
					Commercial	7 August 2047
Jing Hai Guo Yong (2008 Chu) Di No. 4511	29 July 2008	43,982.12	Granted Land	Mortgaged	Residential	7 August 2077

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificates include those relating to Property No. 72 set out in this property valuation report.

2. Pursuant to a Planning Permit for Land for Construction — 2007 Gui (Hai) Di Zi No. 0045 dated 23 August 2007, the planned construction works of the property with a total site area of approximately 70,879.675 sq.m. have been approved on the land of the property.

3. Pursuant to 10 Planning Permits for Construction Projects — 2007 Gui (Hai) Jian Zi Nos. 0294, 0297, 0296, 0278, 0279, 0280, 0281, 0282 and 0277 and 2008 Gui (Hai) Jian Zi No. 0012 dated between November 2007 and January 2008, the planned construction works of the property with a total gross floor area of approximately 81,726.90 sq.m. have been approved for construction.

4. Pursuant to 3 Construction Permits — [2007] Shi Jian Zi No. 1995 and [2008] Shi Jian Zi Nos. 0253 and 0328 dated between November 2007 and February 2008, the planned construction works of the property with a total gross floor area of approximately 94,547.10 sq.m. have been permitted to commence.

   As advised by the Group, the property comprises part of the buildings of the above Construction Permits with a total gross floor area of approximately 77,966.90 sq.m.

5. Pursuant to a Pre-sale Permit — Jing Fang Shou Zheng Zi (2008) Xian No. 10 dated 14 September 2008, portion of the property has been permitted to be pre-sold.

6. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB210,836,112 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB5,549,401. In the course of our valuation, we have taken into account the said estimated development cost to completion.

7. The market value of the property as if completed as at 31 May 2009 was RMB491,000,000.

8. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property;

   ii. Beijing GEM is the legal owner of the land use rights of the property and is entitled to occupy, use or earn from the said land use rights. However, before approvals from the mortgagees have been obtained, Beijing GEM is not allowed to transfer, mortgage or dispose of the mortgaged land use rights;

   iii. except for the said mortgage, the property is not subject to any other mortgages or encumbrances; and

   iv. it is legal and effective for the Group to sell the property.

9. Portion of the property comprising various residential units with a total gross floor consideration area of approximately 35,714.43 sq.m. have been contracted to be sold for a total consideration of approximately RMB235,715,238. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

10. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Economically Affordable House.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
77.	Various residential buildings of Shuanghui Living District, Shuangqiao Road, Chaoyang District, Beijing, PRC	The property comprises 3 parcels of land with a total site area of approximately 113,516.83 sq.m. (1,221,895 sq.ft.) on which various residential buildings are being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 192,676.00 sq.m. (2,073,964 sq.ft.). The construction works of the proposed development was commenced in February 2008 and is scheduled to be completed in September 2009. The land use rights of the property have been allocated to the Group for residential use. (Please see details in Note 1)	The property is under construction.	RMB381,000,000 (100% interest attributable to the Group: RMB381,000,000) (Please see details in Notes 5, 6 and 9)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been allocated to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Hua) Di No. 0380	24 December 2008	36,245.61	Allocated Land	NA	Residential	NA
Jing Chao Guo Yong (2008 Hua) Di No. 0381	24 December 2008	39,754.41	Allocated land	NA	Residential	NA
Jing Chao Guo Yong (2008 Hua) Di No. 0379	24 December 2008	37,516.81	Allocated Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium is not necessary to be paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificates include those relating to Property No. 93 set out in this property valuation report.

2. Pursuant to a Planning Permit for Land for Construction — 2007 Gui (Chao) Di Zi No. 0054 dated 30 November 2007, the planned construction works of the property with a total site area of approximately 159,038.015 sq.m. have been approved on the land of the property.

As advised by the Group, the property comprises part of the above Planning Permit for Land for Construction.

3. Pursuant to 10 Planning Permits for Construction Projects — 2008 Gui (Chao) Jian Zi Nos. 0048, 0049, 0050, 0293, 0295, 0296 and 0314 and 2009 Gui (Chao) Jian Zi Nos. 0038, 0039 and 0062 dated between February

2008 and April 2009, the planned construction works of the property with a total gross floor area of approximately 226,483.80 sq.m. have been approved for construction.

As advised by the Group's PRC legal adviser, the property comprise portion of the above Planning Permits for Construction Projects.

4. Pursuant to 6 Construction Permits — [2008] Shi (Chao) Jian Zi Nos. 0169, 0170, 0171, 0172 and 0202 and [2009] Shi (Chao) Jian Zi No. 0100 dated between May 2008 and April 2009, the planned construction works of the property with a total gross floor area of approximately 192,676.00 sq.m. have been permitted to commence.

5. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB219,808,100 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB288,494,935. In the course of our valuation, we have taken into account the said estimated development cost to completion.

6. In the course of our valuation, we have assigned no commercial value to the proposed buildings of portion of the property with a total gross floor area of 10,710.00 sq.m., which is under the process of acquiring the Land Use Rights Certificate in granted land status.

7. The market value of the property as if completed as at 31 May 2009 was RMB791,000,000.

8. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer or mortgage the said land use rights in allocated status in accordance with the regulations relating to Economically Affordable House;

   ii. Beijing GEM has not compiled with all the necessary processes for obtaining the land use rights in granted land status of portion of the property with a total gross floor area of approximately 12,910.00 sq.m. before the commencement of construction. There is no substantial unfavorable effect to the development and there is no legal impediments for the Group to obtain such portion of the land use rights in granted land status after signing the Contract for Grant of Land Use Rights and paying land premium;

   iii. Beijing GEM will obtain the proper ownership of the land use rights as stipulated in Note 8ii once the relevant Land Use Rights Certificate in granted land status has been obtained;

   iv. the property is not subject to any mortgages or other encumbrances; and

   v. it is legal and effective for Beijing GEM to sell the property.

9. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Reasonable Priced House.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
78.	An office building of Jinyu Dongan Kungkuan, Shuangqiao Road, Chaoyang District, Beijing, PRC	The property comprises a parcel of land with a site area of approximately 11,748.97 sq.m. (126,466 sq.ft.) on which an office building is being constructed. Upon completion, the total gross floor area of the proposed office building will be approximately 49,000.00 sq.m. (527,436 sq.ft.). The construction works of the proposed development was commenced in September 2007 and is scheduled to be completed in December 2009. The land use rights of the property have been granted to the Group for a term expiring on 28 March 2057 for composite and underground carpark uses. (Please see details in Note 1)	The property is under construction.	RMB235,000,000 (100% interest attributable to the Group: RMB235,000,000) (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2007 Chu) Di No. 0394	18 September 2007	11,748.97	Granted Land	NA	Composite and Underground Carpark	28 March 2057

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to a Planning Permit for Land for Construction — 2007 Gui (Chao) Di Zi No. 0033 dated 9 May 2007, the planned construction works of the property with a site area of approximately 11,797.123 sq.m. have been approved on the land of the property.

3. Pursuant to a Planning Permits for Construction Projects — 2007 Gui Jian Zi No. 0343 dated 28 September 2007, the planned construction works of the property with a total gross floor area of approximately 49,000.00 sq.m. have been approved for construction.

4. Pursuant to a Construction Permit — [2007] Shi (Chao) Jian Zi No. 0359 dated 19 December 2007, the planned construction works of the property with a total gross floor area of approximately 49,000.00 sq.m. have been permitted to commence.

5. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB75,393,952 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB112,777,133. In the course of our valuation, we have taken into account the said estimated development cost to completion.

6. The market value of the property as if completed as at 31 May 2009 was RMB438,000,000.

7. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances; and

   iii. it is legal and effective for Beijing GEM to develop the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
79.	Various residential buildings of Jinyu Town-House, Tiancun Liumingjiayuan, Haidian District, Beijing, PRC	The property comprises 2 parcels of land with a total site area of approximately 93,031.92 sq.m. (1,001,396 sq.ft.) on which various residential buildings are being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 63,603.32 sq.m. (684,626 sq.ft.). The construction works of the proposed development was commenced in September 2007 and is scheduled to be completed in September 2010. The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 30 August 2074 for residential, commercial and underground carpark uses. (Please see details in Note 1)	The property is under construction.	RMB457,000,000 (100% interest attributable to the Group: RMB457,000,000 (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2005 Chu) Di No. 3372	30 May 2005	62,595.30	Granted land	NA	Residential	30 August 2074
					Commercial	30 August 2044
					Underground Carpark	30 August 2054
Jing Hai Guo Yong (2005 Chu) Di No. 3443	23 June 2005	30,436.62	Granted land	NA	Residential	30 August 2074
					Commercial	30 August 2044
					Underground Carpark	30 August 2054

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificates — Jing Hai Guo Yong (2005 Chu) Di Nos. 3372 and 3443 include those relating to Property Nos. 69 and 88 set out in this property valuation report respectively.

2. Pursuant to a Planning Permit for Land for Construction — 2004 Gui Di Zi No. 0175 dated 28 October 2004, the planned construction works of the property with a site area of approximately 105,553.401 sq.m. have been approved on the land of the property.

3. Pursuant to 17 Planning Permits for Construction Projects — 2005 Gui (Hai) Jian Zi No. 0117, 2007 Gui (Hai) Jian Zi Nos. 0149, 146 and 150, 2008 Gui (Hai) Jian Zi Nos. 0107, 0127, 0156 and 0157, 2009 Gui (Hai) Jian Zi Nos. 0031 to 0039, the planned construction works of the property have been approved for construction.

4. Pursuant to 5 Construction Work Commence — [2006] Shi Jian Zi No. 0788, [2007] Shi Jian Zi No. 1964, [2008] Shi Jian Zi No. 1621 and [2009] Shi Jian Zi Nos. 0395 and 0549 the planned construction works of the property with a total gross floor area of approximately 81,842.90 sq.m. have been permitted to commence.

   As advised by the Group, the property comprises part of the buildings of the above Construction Permits with a total gross floor area of approximately 63,603.32 sq.m.

5. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB76,979,836 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB377,253,237. In the course of our valuation, we have taken into account the said estimated development cost to completion.

6. The market value of the property as if completed as at 31 May 2009 was RMB1,100,000,000.

7. We have been provided with the legal opinion on the title of property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances; and

   iii. it is legal and effective for Beijing GEM to develop the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
80.	Various residential buildings of BBMG 7090, South of Qiaozhuang Village, Tongzhou District, Beijing, PRC	The property comprises 2 parcels of land with a total site area of approximately 75,848.96 sq.m. (816,438 sq.ft.) on which various residential buildings are being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 109,934.98 sq.m. (1,183,340 sq.ft.). The construction works of the proposed development was commenced in April 2007 and is scheduled to be completed in December 2009. The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 4 September 2076 for residential, commercial and underground office uses. (Please see details in Note 1)	The property is under construction.	RMB507,000,000 (100% interest attributable to the Group: RMB507,000,000) (Please see details in Note 6)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Tong Guo Yong (2008 Chu) Di No. 012	24 March 2008	42,151.31	Granted land	Mortgaged	Residential	4 September 2076
					Commercial	4 September 2046
					Underground Office	4 September 2066
Jing Tong Guo Yong (2008 Chu) Di No. 013	24 March 2008	33,697.65	Granted Land	Mortgaged	Residential	4 September 2076
					Commercial	4 September 2046
					Underground Office	4 September 2056

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificates include those relating to Property No. 71 set out in this property valuation report.

2. Pursuant to a Planning Permit for Land for Construction – 2006 Gui (Tong) Di Zi 0038 dated 18 September 2006, the planned construction works of the property with a site area of approximately 75,848.96 sq.m. have been approved on the land of the property.

3. Pursuant to 6 Planning Permits for Construction Projects — 2007 Gui (Tong) Jian Zi Nos. 0116, 0098, 0105, 0104, 0103 and 0079, the planned construction works of the property with a total gross floor area of approximately 110,194.98 sq.m. have been approved for construction.

4. Pursuant to 6 Construction Permits — [2007] Shi Jian Zi Nos. 2287, 2286, 2284 and 2285 and [2008] Shi Jian Zi No. 1077 and 1757, the planned construction works of the property have been permitted to commence.

   As advised by the Group, the property comprises part of the buildings of the said Construction Permits with a total gross floor area of approximately 109,938.98 sq.m.

5. Pursuant to 2 Pre-sale Permits — Jing Fang Shou Zheng Zi (2008) Nos. 189 and 276 dated between May 2008 and July 2008, portion of the property has been permitted to be pre-sold.

6. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB264,146,349, the estimated development cost to completion for the property is approximately RMB35,097,727. In the course of our valuation, we have taken into account the said estimated development cost to completion.

7. The market value of the property as if completed as at 31 May 2009 was RMB668,000,000.

8. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property. However, before approvals from the mortgagee have been obtained, Beijing GEM is not allowed to transfer, mortgage or dispose of the mortgaged land use rights;

   ii. except for the said mortgage, the property is not subject to any other mortgages or encumbrances; and

   iii. it is legal and effective for the Group to develop and sell the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
81.	Various residential buildings of Jinyu Lijingyuan, Changying, Chaoyang District, Beijing, PRC	The property comprises 2 parcels of land with a total site area of approximately 76,471.63 sq.m. (823,141 sq.ft.) on which various residential buildings being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 244,675.00 sq.m. (2,633,682 sq.ft.). The construction works of the proposed development was commenced in December 2007 and is scheduled to be completed in April 2010. The land use rights of the property have been allocated and granted to the Group for residential and commercial uses respectively. (Please see details in Note 1)	The property is under construction.	RMB538,000,000 (100% interest attributable to the Group: RMB538,000,000 (Please see details in Notes 6, 9 and 10)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted and allocated to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Hua) Di No. 0001	2 February 2008	74,438.67	Allocated land	NA	Residential	NA
Jing Chao Guo Yong (2009 Chu) Di No. 0014	January 2009	2,032.96	Granted Land	NA	Commercial	23 November 2048

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate — Jing Chao Guo Yong (2009 Chu) Di No. 0014. The land premium is not necessary to be paid for the above Land Use Rights Certificate — Jing Chao Guo Yong (2008 Hua) Di No. 0001.

2. Pursuant to a Planning Permit for Land for Construction — 2007 Gui (Chao) Di Zi No. 0045, the planned construction works of the property with a total site area of approximately 97,640.636 sq.m. have been approved on the land of the property.

   As advised by the Group, the property comprises part of the above Planning Permit for Land for Construction.

3. Pursuant to 6 Planning Permits for Construction Projects — 2008 Gui (Chao) Jian Zi Nos. 0041, 0045, 0042 and 0043 and 2007 Gui (Chao) Jian Zi Nos. 0287 and 0317 dated between December 2007 and February 2008, the planned construction works of the property with a total gross floor area of approximately 244,675.00 sq.m. have been approved for construction.

4. Pursuant to 7 Construction Permits — [2008] Shi (Chao) Jian Zi Nos. 0069, 0106, 0105, 0034, 0070, 0058 and 0020 dated between January 2008 and April 2008, the construction works of the property with a total gross floor area of approximately 244,675.00 sq.m. have been permitted to commence.

5. Pursuant to a Pre-sale Permit — Jing Fang Shou Zheng Zi (2008) Jing No. 4 dated 31 July 2008, portion of the property has been permitted to be pre-sold.

6. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB257,642,072 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB263,453,268. In the course of our valuation, we have taken into account the said estimated development cost to completion.

7. The market value of the property as if completed as at 31 May 2009 was RMB1,000,000,000.

8. We have been provided with the legal opinion on the title to property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is under the process of acquiring the changing of a gross floor area of 4,720.00 sq.m. of the said granted land from non-commercial use into commercial use. There is no substantial legal impediment for the group to obtain such amended Land Use Rights Certificate after fully paying the land premium;

   ii. Beijing GEM will become the legal owner of the proper land use rights of the said granted land and is entitled to transfer, lease or mortgage it after the said process has been completed;

   iii. Beijing GEM is also entitled to transfer or mortgage the land use rights of the remaining portion of the property with a total site area of approximately 74,438.63 sq.m. in allocated land status in accordance with the regulations relating to Economically Affordable House;

   iv. the property is not subject to and mortgage or encumbrances; and

   v. it is legal and effective for the Group to develop the property.

9. Portion of the property comprising various residential units with a total gross floor area of approximately 176,628.04 sq.m. have been contracted to be sold for a total consideration of approximately RMB763,386,389. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

10. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Economically Affordable House.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
82.	Various residential buildings of Jinyu Guanlan Times, Economic Technique Development Zone, Hangzhou, Zhejiang Province, PRC	The property comprises a parcel of land with a site area of approximately 117,412.00 sq.m. (1,263,823 sq.ft.) on which various residential buildings are being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 187,143.84 sq.m. (2,014,416 sq.ft.). The construction works of the development was commenced in April 2008 and is scheduled to be completed in September 2010. The land use rights of the property have been granted to the Group for a term expiring on 19 March 2078 for residential use. (Please see details in Note 1)	The property is under construction.	RMB119,000,000 (80% interest attributable to the Group: RMB95,200,000) (Please see details in Notes 6 and 9)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG-Wildwind (Hangzhou) Property Development Company (BBMG-Wildwind), a 80% owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Hang Jing Guo Yong (2008) No. 000022	2008	117,412	Granted Land	Mortgaged	Residential	19 March 2078

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to a Planning Permit for Land for Construction — 2008 Nian Zhe Gui Yong Zheng No. 01070042 dated 25 April 2008, the planned construction works of the property with a site area of approximately 248,527.00 sq.m have been approved on the land of the property.

3. Pursuant to 3 Planning Permits for Construction Projects — Jian Zi Di 2008 Nian Zhe Gui Jian Zheng Nos. 01070061, 01070063 and 01070074 dated between 25 April 2008 and 29 August 2008, the planned construction works of the property with a total gross floor area of approximately 187,143.84 sq.m. have been approved for construction.

4. Pursuant to 3 Construction Permits — Nos. 330125200809050101, 330125200811070101 and 330125200811070201 dated between 5 September 2008 and 7 November 2008, the planned construction works of the property with a total gross floor area of approximately 187,143.84 sq.m. have been permitted to commence.

5. Pursuant to 3 Pre-sale Permits Hang Shou Xu Zi (2009) Jing Nos. 3006 to 3008 dated 15 April 2009, the property with a total gross floor area of approximately 57,329.74 sq.m. has been permitted to be pre-sold.

6. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB203,120,030 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB526,861,843. In the course of our valuation, we have taken into account the said estimated development cost to completion.

7. The market value of the property as if completed as at 31 May 2009 was RMB938,000,000.

8. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. BBMG Wildwind is the legal owner of the land use rights of the property and is entitled to occupy, use or earn from the said land use rights. However, before approvals from the mortgagee have been obtained, BBMG-Wildwind is not allowed to transfer, mortgage or dispose of the mortgaged land use rights;

   ii. except for the said mortgage, the property is not subject to any other mortgages or encumbrances; and

   iii. it is legal and effective for the Group to develop and sell the property.

9. Portion of the property comprising various residential units and carparks with a total gross floor area of approximately 51,512.78 sq.m. have been contracted to be sold for a total consideration of approximately RMB372,816,401. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
83.	Various residential buildings of Jinyu Times Constellation, West of Tengfei Road, Ruyi Development Zone, Hohhot, Inner Mongolian Autonomous Region, PRC	The property comprises a parcel of land with a site area of approximately 114,458.70 sq.m. (1,232,033 sq.ft.) on which various residential buildings are being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 178,220.00 sq.m. (1,918,360 sq.ft.). The construction works of the proposed development was commenced in November 2007 and is scheduled to be completed in December 2010. The land use rights of the property have been granted to the Group for a term expiring on 17 September 2077 for residential use. (Please see details in Note 1)	The property is under construction.	RMB162,000,000 (100% interest attributable to the Group: RMB162,000,000) (Please see details in Notes 6 and 9)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Inner Mongolia BBMG Landmark Investment Co., Ltd. ("BBMG Landmark"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Hu Guo Yong (2007) Di No. 00277	20 September 2007	114,458.70	Granted Land	NA	Residential	17 September 2077

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificate includes that relating to Property No. 85 set out in this property valuation report.

2. Pursuant to a Planning Permit for Land for Construction — Hu Gui Jing Fen Di Zi No. [2007] 34 dated 29 August 2007, the planned construction works of the property with a site area of approximately 114,458.674 sq.m. have been approved on the land of the property.

3. Pursuant to a Planning Permits for Construction Projects — [2007] Hu Gui Jian Fu Zi No. 28 dated 30 September 2007, the planned construction works of the property with a gross floor area of approximately 178,220 sq.m. have been approved for construction.

4. Pursuant to 3 Construction Permits — Nos. 2008A015, 2008B032 and 2008B041 dated between 9 May 2008 and 5 September 2008, the planned construction works of the property with a total gross floor area of approximately 176,940 sq.m. have been permitted for commence.

5. Pursuant to 3 Pre-sale Permits — (Hu) Fang Yu Xiao Shou Zheng Di Nos. 20080025, 20080041 and 20080058 dated between 13 June 2008 and 26 December 2008, the pre-sale of the property have been permitted.

6. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB143,390,796 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB227,285,444. In the course of our valuation, we have taken into account the said estimated development cost to completion.

7. The market value of the property as if completed as at 31 May 2009 was RMB538,000,000.

8. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. BBMG Landmark is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages, or other encumbrances; and

   iii. it is legal and effective for the Group to develop and sell the property.

9. Portion of the property comprising various residential and commercial units with a total gross floor area of approximately 85,538.71 sq.m. have been contracted to be sold for a total consideration of approximately RMB313,917,011. In arriving at our opinion of the market value of the property, we have taken into account the consideration of this portion.

	Property	Description and tenure	Particulars of occupancy	Market value in Existing state as at 31 May 2009
84.	Various residential buildings of Jinding Street Residential Project, Jinding Street, Shijingshan District, Beijing, PRC	The property comprises 2 parcels of land with a total site area of approximately 11,961.63 sq.m. (128,755 sq.ft.) on which various residential buildings are being constructed. Upon completion, the total gross floor area of the proposed residential buildings will be approximately 32,825.00 sq.m. (353,328 sq.ft) The construction works of the proposed development was commenced in April 2009 and is scheduled to be completed in July 2010. The land use rights of the property have been granted for various terms with the latest term expiring on 25 May 2079 for residential, commercial, underground commercial, underground carpark and underground office uses. (Please see details in Note 1)	The property is under development.	RMB58,000,000 (100% interest attributable to the Group: RMB58,000,000) (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)		Status of Land Mortgage	Usage	Expiry Date
Jing Shi Guo Yong (2009 Chu) Di No. 0074	June 2009	10,459.26	Granted Land	NA	Residential	25 May 2079
					Commercial and Underground Commercial	25 May 2049
					Underground Carpark and Underground Office	25 May 2059
Jing Shi Guo Yong (2009 Chu) Di No. 0073	June 2009	1,502.37	Granted Land	NA	Residential	25 May 2079
					Commercial and Underground Commercial	25 May 2049
					Underground Carpark and Underground Office	25 May 2059

As advised by the Group and the Group's PRC legal opinion, the land premium of the property of has been fully paid.

2. Pursuant to a Planning Permit for Land for Construction — 2009 Gui Di Zi No. 0034 dated March 2009, the planned construction works of the property with a site area of approximately 12,305.81 sq.m. have been approved for construction.

3. Pursuant to a Planning Permits for Construction Projects — 2009 Gui Jian Zi No. 0057 dated April 2009, the planned construction works of the property with a gross floor area of approximately 32,945.00 sq.m. have been approved for construction.

4. Pursuant to a Construction Permits — [2009] Shi Jian Zi No. 0353 dated April 2009, the planned construction works of the property with a gross floor area of approximately 32,825.00 sq.m. have been permitted for commence.

5. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB3,223.324 and the estimated construction cost (excluding land cost, marketing, financing and other interest costs) to completion for the property is approximately RMB83,076,676. In the course of our valuation, we have taken into account the estimated development cost to completion.

6. The market value of the property as if completed as at 31 May 2009 was RMB201,000,000.

7. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgage or other encumbrances; and

   iii. it is legal and effective for the Group to develop the property.

Group VI — Properties held by the Group's Real Estate Business for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
85.	The proposed Jinyu Times Constellation, West of Tengfei Road, South of Yuanyi Road, Ruyi Development Zone, Hohhot, Inner Mongolian Autonomous Region, PRC	The property comprises 2 parcels of land with a total site area of approximately 150,052.40 sq.m. (1,615,164 sq.ft.). The property is planned to be developed into a composite development with a total gross floor area of approximately 392,479.00 sq.m. (4,224,644 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 17 September 2077 for commercial and residential uses. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB296,000,000 (100% interest attributable to the Group: RMB296,000,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Inner Mongolia BBMG Landmark Investment Co., Ltd. ("BBMG Landmark"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Hu Guo Yong (2007) Di No. 00278	20 September 2007	35,593.70	Granted Land	NA	Commercial	17 September 2047
Hu Guo Yong (2007) No. 00277	20 September 2007	114,458.7	Granted Land	NA	Residential	17 September 2077

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificate — Hu Guo Yong (2007) Di No. 00278 includes that relating to Property No. 83 set out in this property valuation report.

2. Pursuant to 2 Planning Permits for Land for Construction — Hu Gui Jing Fen Di Zi [2007] Nos. 33 and 34 dated 29 August 2007, the construction works of the property with a total site area of approximately 150,052.41 sq.m. have been approved on the land of the property.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. BBMG Landmark is the legal owner of the land use rights of the property and is entitled to transfer, mortgage or dispose of the said land use rights;

   ii. the property is not subject to any mortgages or other encumbrances; and

   iii. it is legal and effective for BBMG Landmark to develop the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
86.	The proposed Jinyu Guanlan Times, Economic Technique Development Zone, Hangzhou, Zhejiang Province, PRC	The property comprises 8 parcels of land with a total site area of approximately 117,428.00 sq.m. (1,263,995 sq.ft.). The property is planned to be developed into a residential development with a total gross floor area of approximately 501,944.14 sq.m. (5,402,927 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 19 March 2078 for residential, commercial and composite (office) uses. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB454,000,000 (80% interest attributable to the Group: RMB363,200,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to BBMG-Wildwind. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Hang Jing Guo Yong (2008) Di No. 000019	4 July 2008	67,725.00	Granted Land	Mortgaged	Residential	19 March 2078
Hang Jing Guo Yong (2008) Di No. 000020	4 July 2008	277.00	Granted Land	Mortgaged	Commercial	19 March 2048
Hang Jing Guo Yong (2008) Di No. 000021	4 July 2008	1,119.00	Granted Land	Mortgaged	Composite (Office)	19 March 2048
Hang Jing Guo Yong (2008) Di No. 000023	4 July 2008	1,916.00	Granted Land	Mortgaged	Commercial	19 March 2048
Hang Jing Guo Yong (2008) Di No. 000024	4 July 2008	2,242.00	Granted Land	Mortgaged	Composite (Office)	19 March 2048
Hang Jing Guo Yong (2008) Di No. 000025	4 July 2008	21,908.00	Granted Land	NA	Commercial	19 March 2048
Hang Jing Guo Yong (2008) Di No. 000026	4 July 2008	15,738.00	Granted Land	NA	Commercial	19 March 2048
Hang Jing Guo Yong (2008) Di No. 000027	4 July 2008	6,503.00	Granted Land	NA	Commercial	19 March 2048

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above land use rights certificates.

2. Pursuant to a Planning Permit for Land for Construction – (2008) Nian Zhe Gui Yong Zheng No. 01070042 dated 25 April 2008, the construction works of the property with a site area of 248,527 sq.m. have been approved on the land of the property.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. BBMG-Wildwind is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the land use rights of portion of the property with a total site area of approximately 44,149.00 sq.m.;

   ii. BBMG-Wildwind is also entitled to occupy, use and earn from the said land use rights of portion of the property with a total site area of approximately 73,279.00 sq.m. which are mortgaged. However, before approvals from the mortgagees have been obtained, BBMG-Wildwind is not allowed to transfer, mortgage or dispose of the mortgaged land use rights;

   iii. except for the said mortgages, the property is not subject to any other mortgages or other encumbrances; and

   iv. it is legal and effective for BBMG-Wildwind to develop the property.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
87.	The proposed Chaoyang New City, Dongba Village, Chaoyang District, Beijing, PRC	The property comprise 2 parcels of land with a total site area of approximately 204,850.82 sq.m. (2,205,014 sq.ft.). The property is planned to be developed into a residential development with a total gross floor area of approximately 458,000.00 sq.m. (4,929,912 sq.ft.). The land use rights of the property have been allocated to the Group for residential use. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB679,000,000 (100% interest attributable to the Group: RMB679,000,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been allocated to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Term
Jing Chao Guo Yong (2007 Hua) Di No. 0285	18 July 2007	114,659.74	Allocated Land	NA	Residential	NA
Jing Chao Guo Yong (2007 Hua) Di No. 0284	18 July 2007	90,191.08	Allocated Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium is not necessary to be paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificate — Jing Chao Guo Yong (2007) Di No. 0284 includes those relating to Property No. 75 set out in this property valuation report.

2. Pursuant to a Planning Permit for Land for Construction 2006 Gui Di Zi No. 0078 dated 7 April 2006, the planned construction works of the property with a site area of approximately 325,569.19 sq.m. have been approved on the land of the property.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is entitled to transfer or mortgage the said land use rights in allocated land status in accordance with the regulations relating to Economically Affordable House; and

   ii. the property is not subject to any mortgage or other encumbrances.

4. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Economically Affordable House.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
88.	The proposed Jinyu Town-House, Tiancun Liumingjiayuan, Haidian District, Beijing, PRC	The property comprise a parcel of land with a site area of approximately 30,436.62 sq.m. (327,620 sq.ft.). The property is planned to be developed into a residential development with a total gross floor area of approximately 15,679.48 sq.m. (168,774 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 30 August 2074 for residential, commercial and underground carpark uses. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB151,000,000 (100% interest attributable to the Group: RMB151,000,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2005 Chu) Di No. 3443	23 June 2005	30,436.62	Granted Land	NA	Residential Commercial Underground Carparks	30 August 2074 30 August 2044 30 August 2054

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

As advised by the Group, the above Land Use Rights Certificate includes that relating to Property No. 79 set out in this property valuation report.

2. Pursuant to a Planning Permit for Land for Construction — 2004 Gui Di Zi No. 0175 dated 28 October 2004, the planned construction works of the property with a site area of approximately 105,553.401 sq.m. have been approved on the land of the property.

3. Pursuant to 2 Planning Permits for Construction Projects — 2009 Gui (Hai) Jian Zi Nos. 0040 and 0041, the planned construction works of the property of total gross floor area of 7,851.00 sq.m. have been approved.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitle to transfer, lease or mortgage the said land use rights; and

   ii. the property is not subject to any mortgages or other encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
89.	The proposed Block 2 to Block 5 of Baohua Homes, Shazikou Road, Chongwen District, Beijing, PRC	The property comprise 2 parcel of land with a total site area of approximately 8,690.41 sq.m. (93,544 sq.ft.). The property is planned to be developed into a residential development with a total gross floor area of approximately 39,578.00 sq.m. (426,018 sq.ft.). The land use rights of the property have been granted to the Group for commercial, underground carparking and residential uses. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB127,000,000 (100% interest attributable to the Group: RMB127,000,000)

Notes:

1. Pursuant to the following Contracts for Grant of Land Use Rights and their supplementary agreements, the land use rights of the property have been granted to Beijing GEM. Details of the said contracts are listed as follows:

Contract for Grant of Land Use Rights No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Term
Jing Di Chu [He] Zi (2002) Di No. 193	26 April 2002 and 14 September 2007	5,984.06	Granted Land	NA	Residential	70 years
					Commercial	40 years
					Underground Carpark	50 years
Jing Di Chu [He] Zi (2002) Di No. 285	17 June 2002 and 30 October 2007	2,706.35	Granted Land	NA	Residential	70 years
					Commercial	40 years

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Contract for Grant of Land Use Rights.

2. Pursuant to a Planning Permit for Land for Construction — 98 Gui Di Zi — No. 0158 dated 28 August 1998, the construction works of the property with a site area of approximately 11,950.00 sq.m. have been approved on the land of the property.

3. Pursuant to a Planning Permits for Construction Projects — 2007 Gui Jian Zi No. 0032 dated 24 January 2007, the construction works of the property with a total gross floor area of approximately 15,728.69 have been approved for construction.

4. We have been provided with the legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. there is no substantial legal impediments for the Group to obtain the Land Use Rights Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
90.	The proposed commercial building of Jinyu Lijingyuan, Changying, Chaoyang District, Beijing, PRC	The property comprises a parcel of land with a site area of approximately 4,412.68 sq.m. (47,498 sq.ft.). The property is planned to be developed into a commercial building with a total gross floor area of approximately 7,317.00 sq.m. (78,760 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 23 November 2048 for commercial use. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB290,000 (100% interest attributable to the Group: RMB290,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2009 Chu) Di No. 0015	January 2009	4,412.68	Granted Land	NA	Commercial	23 November 2048

   As advised by the Group's PRC legal advisers, the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to a Planning Permit for Land for Construction – 2007 Gui (Chao) Di Zi No. 0045 dated 24 September 2007, the planned construction works of the property with a site area of approximately 97,640.636 sq.m. have been approved on the land of the property.

   As advised by the Group, the property comprises part of the above Planning Permit for Land for Construction.

3. Pursuant to a Planning Permits for Construction Projects – 2008 Gui (Chao) Jian Zi No. 0084 dated February 2008, the construction works of the property with a gross floor area of approximately 7,317.00 sq.m. have been approved.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is under the process of acquiring the changing of a gross floor area of 2,379.00 sq.m. from non-commercial use into commercial use. There is no substantial legal impediments for the group to obtain such amended Land Use Rights Certificate after the land premium has been fully paid;

   ii. Beijing GEM will become the legal owner of the proper land use rights of the said land and is entitled to transfer, lease or mortgage it after the said process has been completed; and

   iii. the property is not subject to and mortgage or encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
91.	The proposed Jinyu Jiaheyuan, Shahe, Changping District, Beijing, PRC	The property comprises 3 parcels of land with a total site area of approximately 43,556.43 sq.m. (468,841 sq.ft.). The property is planned to be developed into a residential and commercial development with a total planned gross floor area of approximately 112,596.00 sq.m. (1,211,983 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 20 November 2078 for residential, commercial and office uses. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB100,000,000 (100% interest attributable to the Group: RMB100,000,000) (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Guo Yong (2009 Chu) Di No. 019	2 July 2009	6,334.588	Granted Land	NA	Residential	20 November 2078
					Commercial, Underground Commercial	20 November 2048
					Office, Underground Office	20 November 2058
Jing Guo Yong (2009 Chu) Di No. 020	2 July 2009	19,087.768	Granted Land	NA	Residential	20 November 2078
					Commercial and Underground Commercial	20 November 2048
					Office and Underground Office	20 November 2058
Jing Guo Yong (2009 Chu) Di No. 021	2 July 2009	18,134.078	Granted Land	NA	Residential	20 November 2078
					Commercial and Underground Commercial	20 November 2048
					Office and Underground Office	20 November 2058

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to a Planning Permit for Land for Construction — 2009 Gui (Chang) Di Zi No. 0009 dated 25 March 2009, the construction works of the property with a site area of approximately 47,956.434 sq.m. have been approved.

3. Pursuant to 4 Planning Permit for Construction Projects — 2009 Gui (Chang) Jian Zi Nos. 0041, 0045, 0051 and 0052 dated between March 2009 and April 2009, the construction works of the property with a total gross floor area of approximately 56,494 sq.m. have been permitted.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage the said land use rights; and

   ii. the property is not subject to any mortgages or other encumbrances.

5. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Reasonably Priced Housing Project.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
92.	The proposed Jinyu Vanke City, Changping Kejiyuan, Changping District, Beijing, PRC	The property comprises 4 parcels of land with a total site area of approximately 116,704.81 sq.m. (1,256,211 sq.ft.). The property is planned to be developed into a residential development with a total planned gross floor area of approximately 442,803.00 sq.m. (4,766,331 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 1 March 2077 for residential, commercial, composite and carpark uses. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB694,000,000 (51% interest attributable to the Group: RMB353,940,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been transferred to BBMG Vanke. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chang Guo Yong (2008 Chu Bian) Di No. 045	2008	64,063.589	Granted Land	NA	Residential Composite Carpark	1 March 2077 1 March 2057 1 March 2057
Jing Chang Guo Yong (2007 Zhuan) Di No. 086	2008	23,259.087	Granted Land	NA	Commercial	1 March 2047
Jing Chang Guo Yong (2007 Zhuan) Di No. 087	2008	26,333.653	Granted Land	NA	Residential Commercial Composited	1 March 2077 1 March 2047 1 March 2057
Jing Chang Guo Yong (2007 Zhuan) Di No. 085	2008	3,048.479	Granted Land	NA	Residential	1 March 2077

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to a Planning Permit for Land for Construction — 2008 Gui (Chang) Di Zi No. 0001 dated 21 January 2008, the planned construction works of the property have been approved for construction.

3. Pursuant to a Planning Permits for Construction Projects — 2009 Gui (Chang) Jian Zi No. 0043 dated 2 April 2009, the planned construction works of the property with a gross floor area of approximately 33,107.97 sq.m. have been approved for construction.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. BBMG Vanke is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage; and

   ii. the property is not subject to any mortgages or other encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
93.	The proposed Shuanghui Living District, Shuangqiao Road, Chaoyang District, Beijing, PRC	The property comprises 3 parcels of land with a total site area of approximately 113,516.83 sq.m. (1,221,895 sq.ft.). The property is planned to be developed into a residential development with a total gross floor area of approximately 242,598.00 sq.m. (2,611,325 sq.ft.). The land use rights of the property have been allocated to the Group for residential use. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB73,800,000 (100% interest attributable to the Group: RMB73,800,000) (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been allocated to Beijing GEM. Details of the said certificates are listed as follows:

land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Hua) Di No. 0380	24 December 2008	36,245.61	Allocated Land	NA	Residential	NA
Jing Chao Guo Yong (2008 Hua) Di No. 0381	24 December 2008	39,754.41	Allocated Land	NA	Residential	NA
Jing Chao Guo Yong (2008 Hua) Di No. 0379	24 December 2008	37,516.81	Allocated Land	NA	Residential	NA

As advised by the Group's PRC legal adviser, the land premium is not necessary to be paid for the above Land Use Rights Certificates.

As advised by the Group, the above Land Use Rights Certificates include those relating to Property No. 77 set out in this property valuation report.

2. Pursuant to a Planning Permit for Land for Construction – 2007 Gui (Chao) Di Zi No. 0054 dated 30 November 2007, the construction works of the property with a site area of approximately 159,038.015 sq.m. have been approved.

   As advised by the Group, the property comprises part of the above Planning Permit for Land for Construction.

3. Pursuant to 8 Planning Permits for Construction Projects — 2009 Gui (Chao) Jian Zi Nos. 0036, 0037, 0038, 039, 0040, 0041, 0042, 0065 issued in 2008 and 2009, the construction works of the property with a total gross floor area of approximately 287,837.3 sq.m. have been approved.

   As advised by the Group's PRC legal adviser, the property comprise portion of the above Planning Permits for Construction Projects.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is entitled to transfer or mortgage the said land use rights of portion of the property with a total site area of approximately 113,516.83 sq.m. in allocated land status in accordance with the regulations relating to Economically Affordable House.

5. The valuation is based on the assumption that the sale of the property is complied with the regulations relating to Economically Affordable House.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
94.	The proposed Commercial Portions of Chaoyang New City, Dongba Village, Chaoyang District, Beijing, PRC	The property comprises 4 parcels of land with a site area of approximately 61,800.00 sq.m. (665,215 sq.ft.). The property is planned to be a commercial development with a total planned gross floor area of approximately 112,800 sq.m. (1,214,179 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 15 May 2058 for composite and commercial uses. (Please see details in Note 1)	The property is vacant and pending for future development.	RMB644,000,000 (100% interest attributable to the Group: RMB644,000,000)

Notes:

1. Pursuant to the following 4 Land Use Rights Certificates, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Zi Di No. 0341	November 2008	22,500.00	Granted Land	NA	Composite	15 May 2058
Jing Chao Guo Yong (2008 Chu) Zi Di No. 0342	November 2008	17,600.08	Granted Land	NA	Commercial	15 May 2048
Jing Chao Guo Yong (2008 Chu) Zi Di No. 0343	November 2008	9,899.86	Granted Land	NA	Commercial	15 May 2048
Jing Chao Guo Yong (2008 Chu) Zi Di No. 0344	November 2008	11,800.06	Granted Land	NA	Commercial	15 May 2048

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. Beijing GEM is the legal owner of the land use rights of the property and is entitled to transfer, lease or mortgage; and

   ii. the property is not subject to any mortgages or other encumbrances.

Group VII — Properties held by the Group's other business for owner occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
95.	BBMG Fengshan Hot Spring Resort, Yingfang Village, Nanshao Town, Changping District, Beijing, PRC	The property comprises 12 buildings completed in between 1996 and 2007 and erected over a parcel of land with a site area of approximately 181,180.00 sq.m. (1,950,222 sq.ft.). The buildings mainly include various hotel and ancillary buildings with a total gross floor area of approximately 69,506.05 sq.m. (748,163 sq.ft.). The land use rights of the property have been authorized to the Parent to operate for a term expiring in 20 March 2050 for industrial use. (Please see details in Note 1)	The property is occupied by the Group for hotel and ancillary uses.	No commercial value (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been authorized to the Parent to operate. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chang Guo Yong (2000 Shou) Zi Di No. 05-14-1108	NA	333,276.60	Authorized Land	NA	Industrial	20 March 2050

As advised by the Group's PRC legal adviser, the land premium has not been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BBMG Fengshan Hot Spring Resort Co., Ltd. ("BBMG Fengshan Resort"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chang Qi Zi Di No. 351628	21 April 2008	8,804.70	NA	Villa and Club House
X Jing Fang Quan Zheng Chang Qi Zi Di No. 351915	23 April 2008	26,435.55	NA	Composite
X Jing Fang Quan Zheng Chang Qi Zi Di No. 352358	25 April 2008	14,450.97	NA	Others
X Jing Fang Quan Zheng Chang Qi Zi Di No. 352361	25 April 2008	9,310.56	NA	Others
X Jing Fang Quan Zheng Chang Qi Zi Di No. 351632	21 April 2008	8,499.27	NA	Ancillary
X Jing Fang Quan Zheng Chang Qi Zi Di No. 374148	6 November 2008	2,005.00	NA	Industrial and Transportation

3. Pursuant to a Tenancy Agreement of Land Use Rights and its supplementary agreement entered into between the Parent and BBMG Fengshan Resort dated 13 February 2009 and 8 May 2009 respectively, the land use rights of the property with a site area of approximately 181,180.00 sq.m. have been leased to BBMG Fengshan Resort for a term commencing on 1 January 2009 and expiring on 31 December 2011 at an annual rental of RMB797,200.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Parent has granted an undertaking to the Group that they will not lease the said land use rights to the third party. Thus the non-registration of the tenancy agreement does not have any adverse impact for the Group to occupy and use the said land use rights in accordance with the said tenancy agreement;

   ii according to the relevant PRC laws, all the leased land use rights should be registered otherwise the non-registered land use rights cannot bind the third party. However, there are no implementing rules for lease of authorized land use rights to be registered;

   iii. the said tenancy agreement is legal, valid and enforceable;

   iv. the Group is entitled to occupy and use the said land use rights which are leased from the Parent under the PRC laws within the valid term as stipulated in the said tenancy agreement provided that the Parent has fulfilled the commitment of not leasing the said land use rights to the third party; and

   v. the Group's current usage of the buildings is not in compliance with relevant PRC laws and regulations. Relevant PRC authorities may reclaim the land from the Parent and confiscate the said buildings, but the Group is entitled to a reasonable amount of compensation for the confiscation of the said buildings.

5. We have ascribed no commercial value to the property as the Group has not obtained any valid Land Use Rights Certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
96.	Jianyuan Hotel, No. 5 Beixinping Hutong, Xicheng District, Beijing, PRC	The property comprises 2 hotel buildings completed in between 1992 and 1999 and erected over 2 parcels of land with a total site area of approximately 2,245.03 sq.m. (24,166 sq.ft.). The total gross floor area of the property is approximately 4,628.30 sq.m. (49,819 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 28 April 2048 for commercial use. (Please see details in Note 1)	The property is occupied by the Group for hotel use.	RMB53,200,000 (100% interest attributable to the Group: RMB53,200,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to BBMG. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Xi Guo Yong (2008 Chu) Di No. 20499	27 June 2008	1,718.53	Granted Land	NA	Commercial	28 April 2048
Jing Xi Guo Yong (2008 Chu) Di No. 20498	27 June 2008	526.50	Granted Land	NA	Commercial	27 April 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BBMG. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Xi Gu Zi Di No. 162975	28 March 2008	2,379.20	NA	Commercial
Jing Fang Quan Zheng Xi Gu Zi Di No. 162974	28 March 2008	2,249.10	NA	Commercial

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said buildings. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled; and

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB5,566,763 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
97.	Daihai Resort, Wusumu Village, Daihai Town, Liangcheng County, Inner Mongolia Autonomous Region, PRC	The property comprises 80 temporary guest rooms erected over 2 parcels of land with a total site area of approximately 385,430.00 sq.m. (4,148,769 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 30 April 2046 for tourism use. (Please see details in Note 1)	The property is pending for demolition.	RMB26,000,000 (100% interest attributable to the Group: RMB26,000,000)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to Inner Mongolia BBMG Daihai Holiday Resort Co., Ltd ("BBMG Daihai"), a wholly owned subsidiary of the Company. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Liang Guo Yong (2007) Zi Di No. 045	22 October 2007	281,676.03	Granted Land	NA	Tourism	30 April 2042
Liang Guo Yong (2007) Zi Di No. 046	22 October 2007	103,753.97	Granted Land	NA	Tourism	30 April 2046

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above land use rights certificates.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates.

Group VIII — Property held by the Group's other business under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
98.	Global Trade Centre Phase 4, No. 2 Andingmenwai Main Street, Dongcheng District, Beijing, PRC	The property comprises 2 parcels of land with a total site area of approximately 63,457.02 sq.m. (683,051 sq.ft.) on which a hotel/serviced apartment development is being constructed. Upon completion, the total gross floor area of the proposed building will be approximately 117,275.00 sq.m. (1,262,348 sq.ft.). The construction works of the proposed development was commenced in April 2008 and is scheduled to be completed in December 2010. The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 26 May 2058 for commercial, office, finance and underground carpark uses. (Please see details in Notes 1 and 2)	The property is under construction.	RMB2,132,000,000 (100% interest attributable to the Group: RMB2,132,000,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of portion of the property with a site area of approximately 1,824.81 sq.m. have been granted to Beijing Jihongfengrun Property Development Co., Ltd. ("Beijing Jihongfengrun"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Dong Guo Yong (2008 Chu) Di No. 00019	27 January 2008	1,824.81	Granted Land	NA	Commercial and Finance Composite	8 March 2046 8 March 2056

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above land use rights certificate.

2. Pursuant to the following Land Use Rights Certificate, the land use rights of the remaining portion of the property with a site area of approximately 61,632.21 sq.m. have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Dong Guo Yong (2008 Chu) Di Geng No. 00199	18 September 2008	61,632.21	Granted Land	NA	Commercial	26 May 2048
					Office and Underground Carpark	26 May 2058

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

3. Pursuant to 2 Planning Permits for Land for Construction — 2008 Gui Di Zi No. 0002 and 2008 Gui Di Zi No. 0110 dated 3 January 2008 and 29 August 2008 respectively, the planned construction works of the property with a total site area of approximately 63,458.90 sq.m. have been approved on the land of the property.

4. Pursuant to 2 Planning Permits for Construction Projects — 2006 Gui Jian Zi No. 0154 and 2008 Gui Jian Zi No. 0093 dated 20 April 2006 and 8 April 2008 respectively, the planned construction works of the property with a total gross floor area of approximately 117,275.00 sq.m. have been approved for construction.

5. Pursuant to 2 Construction Permits — [2008] Shi Jian Zi No. 0620 and [2008] Shi Jian Zi No. 1574 dated 21 April 2008 and 12 November 2008 respectively, the construction of the property with a total gross floor area of approximately 117,275.00 sq.m. have been permitted to commence.

6. As advised by the Group, the incurred construction cost as of 31 May 2009 was approximately RMB1,105,322,133 and the estimated development cost to completion for the property is approximately RMB927,478,518 (excluding marketing, financing and other interest costs). In the course of our valuation, we have taken into account the said estimated development cost to completion.

7. The capital value of the property as if completed as at 31 May 2009 was RMB4,352,000,000.

8. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. BBMG and Beijing Jihongfengrun are the legal owners of the land use rights of the property and are entitled to transfer, lease or mortgage the said land use rights;

   ii. the property is not subject to any mortgages and other encumbrances; and

   iii. all the necessary permits and approvals for the current stage of developments of the property have been obtained.

Group IX — Properties held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
99.	Various commercial units, carparks and ancillary facilities of Jianhong Mansion, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, PRC	The property comprises various commercial units, carparks and ancillary facilities of an office building completed in 2000 and erected over a parcel of land with a site area of approximately 14,529.47 sq.m. (156,395 sq.ft.). The total gross floor area of the property is approximately 14,690.05 sq.m. (158,124 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 24 June 2063 for commercial and underground commercial, office and underground carpark and residential uses. (Please see details in Note 1)	The property is subject to various tenancies.	RMB181,270,000 (100% interest attributable to the Group: RMB181,270,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Jianhong Property Development Co., Ltd. ("Beijing Jianhong"), a wholly owned subsidiary of the Company. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Shi Chao Gang Ao Tai Guo Yong (2007 Chu) Di No. 10187	17 October 2007	14,529.47	Granted Land	NA	Commercial and Underground Commercial	24 June 2033
					Office and Underground Carpark	24 June 2043
					Residential	24 June 2063

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing Jianhong. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Shi Gang Ao Tai Zi Di No. 001449	21 August 2007	32,789.08	NA	Carpark, Residential and Commercial
X Fang Quan Zheng Shi Qi Zi Di No. 017989	January 2008	546.00	NA	Public Facilities

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 14,690.05 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property;

   iii. portion of the said tenancy agreements have been registered and they are legal, valid and enforceable under the PRC laws and regulations; and

   iv. through the remaining tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
100.	Various office and commercial units, carparks and ancillary facilities of Tengda Plaza, No. 8 Houerligou, South of Xizhimenwai Main Street, Haidian District Beijing, PRC	The property comprises various office and commercial units, carparks and ancillary facilities of an office building completed in 2003 and erected over a parcel of land with a site area of approximately 8,500.00 sq.m. (91,494 sq.ft.). The total gross floor area of the property is approximately 77,780.06 sq.m. (837,225 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 16 March 2045 for composite use. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB926,180,000 (100% interest attributable to the Group: RMB926,180,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Gaoling. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Shi Hai Zhong Wai Guo Yong (95) Zi Di No. 00145	21 March 1995	8,500.00	Granted Land	NA	Composite	16 March 2045

   As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Gaoling. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Shi Gang Ao Tai Zi Di No. 000341	28 April 2007	84,260.95	NA	NA

   As advised by the Group, the property comprises part of the building with a total gross floor area of approximately 77,780.06 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease or mortgage the said building of the property;

iii. portion of the said tenancy agreements have been registered and they are legal, valid and enforceable under the PRC laws and regulations; and

iv. though the remaining tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
101.	Various commercial units of Shuanghui Garden, Shuangqiao Road, Chaoyang District, Beijing, PRC	The property comprises various commercial units of a residential building completed in 2005 and erected over a parcel of land with a site area of approximately 1,383.14 sq.m. (14,888 sq.ft.). The total gross floor area of the property is approximately 1,944.91 sq.m. (20,935 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 27 April 2043 for commercial ancillary use. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB15,320,000 (100% interest attributable to the Group: RMB15,320,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Jinhaiyan Assets Management. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0320	17 October 2008	1,383.14	Granted Land	NA	Commercial Ancillary	27 April 2043

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing Glassfiber Reinforced Plastic Product Factory (now known as Jinhaiyan Assets Management). Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Qi Zi Di No. 594678	18 August 2008	183.15	NA	Commercial Ancillary
X Jing Fang Quan Zheng Chao Qi Zi Di No. 594677	8 August 2008	170.79	NA	Commercial Ancillary
X Jing Fang Quan Zheng Chao Qi Zi Di No. 594676	8 August 2008	390.01	NA	Commercial Ancillary
X Jing Fang Quan Zheng Chao Qi Zi Di No. 594675	8 August 2008	117.85	NA	Commercial Ancillary
X Jing Fang Quan Zheng Chao Qi Zi Di No. 593611	4 August 2008	400.99	NA	Commercial Ancillary
X Jing Fang Quan Zheng Chao Qi Zi Di No. 594121	15 August 2008	189.92	NA	Commercial Ancillary

Building Ownership Certificate No.	Date of Issue	GFA	Mortgage	Usage
		(sq.m.)		
X Jing Fang Quan Zheng Chao Qi Zi Di No. 594125	15 August 2008	286.86	NA	Commercial Ancillary
X Jing Fang Quan Zheng Chao Qi Zi Di No. 593610	4 August 2008	205.34	NA	Commercial Ancillary

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property; and

   iii. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
102.	A commercial unit of Jiaye Mansion, No. 6 South 3rd Ring Road East, Fengtai District, Beijing, PRC	The property comprises a commercial unit of an office building completed in 2003 and erected over a parcel of land with a site area of approximately 571.49 sq.m. (6,152 sq.ft.). The gross floor area of the property is approximately 5,856.22 sq.m. (63,036 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 11 June 2041 for commercial use. (Please see details in Note 1)	The property is subject to a tenancy.	RMB68,620,000 (100% interest attributable to the Group: RMB68,620,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Great Wall Furniture. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2008 Zhuan) Zi Di No. 00134	13 May 2008	571.49	Granted Land	NA	Commercial	11 June 2041

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Great Wall Furniture. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Feng Gu Zi Di No. 05715	31 July 2008	5,856.22	NA	Commercial

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate;

ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property; and

iii. the said tenancy agreement has been registered and it is legal, valid and enforceable under the PRC laws and regulations.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
103.	Various commercial units of Beijing Building Materials Trading Tower, No. 14 Dongtucheng Road, Chaoyang District, Beijing, PRC	The property comprises various commercial units of a commercial building completed in 1988 and erected over a parcel of land with a site area of approximately 18,114.62 sq.m. (194,986 sq.ft.). The total gross floor area of the property is approximately 22,187.80 sq.m. (238,829 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 27 April 2048 for commercial use. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB462,860,000 (100% interest attributable to the Group: RMB462,860,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMT. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0172	25 June 2008	18,114.62	Granted Land	NA	Commercial	27 April 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMT. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Chao Quan Zi Di No. 09483 Fang Chan Zheng	9 October 1995	22,187.80	NA	Others

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use and lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use and lease the said building of the property. The Group is not allowed to transfer, mortgage or dispose of the said building until the outstanding land premium has been fully settled;

   iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings after the land premium has been fully settled; and

   iv. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB24,346,049 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
104.	Various office units and carparks of Jianda Plaza, No. 14 Dongtucheng Road, Chaoyang District, Beijing, PRC	The property comprises various office units and carparks of a building completed in 1998 and erected over a parcel of land with a site area of approximately 6,813.58 sq.m. (73,341 sq.ft.). The total gross floor area of the property is approximately 25,035.00 sq.m. (269,477 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 8 December 2043 for commercial, catering, office and underground car parking uses. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB350,880,000 (100% interest attributable to the Group: RMB350,880,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMT. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area	Status of Land	Mortgage	Usage	Expiry Date
		(sq.m.)				
Jing Chao Guo Yong (2006 Chu) Di No. 0396	7 December 2006	6,813.58	Granted Land	Mortgaged	Commercial and Catering	8 December 2033
					Office and Underground Carparks	8 December 2043

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMT. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA	Mortgage	Usage
		(sq.m.)		
Jing Fang Quan Zheng Shi Chao Qi Zi Di No. 10189	7 February 2007	38,433.49	Mortgaged	Commercial, Catering and Office

As advised by the Group, the property comprises part of the building with a total gross floor area of approximately 25,035.00 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of portion of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificate;

ii. the Group is entitled to occupy, use or earn from but is not allowed to transfer, mortgage and dispose of the said land use rights of the remaining portion of the property, which are mortgaged, before approval from the mortgagee has been obtained;

iii. the Group is entitled to occupy, use or earn from the building, which are mortgaged, but is not allowed to transfer, mortgage or dispose of the said building unless approval from the mortgagee has been obtained;

iv. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected; and

v. except for the said mortgages, the property is not subject to any other mortgages, foreclosures, proceedings or other third party's rights.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
105.	Various commercial units of Ganlu Qingyuan Garden, Ganluyuan Nanli, Chaoyang District, Beijing, PRC	The property comprises various commercial units of 2 residential buildings completed in 2008 and erected over a parcel of land with a site area of approximately 1,573.23 sq.m. (16,934 sq.ft.). The total gross floor area of the property is approximately 3,403.04 sq.m. (36,630 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 27 May 2041 for commercial use. (Please see details in Note 1)	The property is subject to a tenancy.	RMB41,110,000 (100% interest attributable to the Group: RMB41,110,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Xunsheng Wall Materials. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2001 Chu) Zi Di No. 0153	4 August 2008	1,573.23	Granted Land	NA	Commercial	27 May 2041

   As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Xunsheng Wall Materials. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Qi Zi Di No. 561010	18 June 2008	3,403.04	NA	Commercial

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property; and

   iii. though the said tenancy agreement has not been registered, the validity of the said tenancy agreement and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
106.	Various office units of Xisanqi Office Building, Zhong Road, Xisanqi Jiancaicheng, Haidian District, Beijing, PRC	The property comprises various office units of an office building completed in 2000 and erected over a parcel of land with a site area of approximately 3,028.60 sq.m. (32,600 sq.ft.). The total gross floor area of the property is approximately 8,799.25 sq.m. (94,715 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 10 May 2049 for composite use. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB53,600,000 (100% interest attributable to the Group: RMB53,600,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Xisanqi High Tech Building Materials. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2007 Chu) Zi Di No. 4115	15 June 2007	3,028.60	Granted Land	NA	Composite	10 May 2049

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Xisanqi High-Tech Building Materials. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Hai Qi Geng Zi Di No. 0102815	16 May 2007	11,138.30	NA	Office

As advised by the Group, the property comprises part of the building with a total gross floor area of approximately 8,799.25 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property; and

   iii. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
107.	Various office and commercial units and carparks of Global Trade Centre Phase 1, No. 36 North 3rd Ring Road East, Dongcheng District, Beijing, PRC	The property comprises various office and commercial units and carparks of an office building completed in 2005 and erected over a parcel of land with a site area of approximately 10,983.26 sq.m. (118,224 sq.ft.). The total gross floor area of the property is approximately 105,020.79 sq.m. (1,130,444 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 29 August 2054 for office, underground carpark and underground office uses. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB1,545,110,000 (100% interest attributable to the Group: RMB1,545,110,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land Mortgage	Usage	Expiry Date
Jing Dong Guo Yong (2008 Chu) Di Geng No. 00229	30 October 2008	10,983.26	Granted Mortgaged Land	Office, Underground Carpark and Underground Office	29 August 2054

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Dong Gu Zi Di No. C04889	19 March 2008	120,547.72	Mortgaged	NA

As advised by the Group, the property comprises part of the building with a total gross floor area of approximately 105,020.79 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group is entitled to occupy, use or earn from but is not allowed to transfer, mortgage or dispose of the said land use rights and the said building, which are mortgaged, before approval from the mortgagee has been obtained;

ii. portion of the said tenancy agreements have been registered and they are legal, valid and enforceable under the PRC laws and regulations;

iii. though the remaining tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected; and

iv. except for the said mortgages, the property is not subject to any other mortgages, foreclosures, proceedings or other third party's rights.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
108.	Various office and commercial units, carparks and ancillary facilities of Jinyu Mansion, No. A129 Xuanwumen West Main Street, Xicheng District, Beijing, PRC	The property comprises various office and commercial units, carparks and ancillary facilities of an office building completed in 1998 and erected over a parcel of land with a site area of approximately 1,834.75 sq.m. (19,749 sq.ft.). The total gross floor area of the property is approximately 36,005.90 sq.m. (387,568 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 14 April 2058 for office and underground carpark uses. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB522,430,000 (100% interest attributable to the Group: RMB522,430,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Xi Guo Yong (2008 Chu) Di No. 20497	27 June 2008	1,834.75	Granted Land	NA	Office and Underground Carpark	14 April 2058

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Xi Gu Zi Di No. 163007	11 May 2008	44,836.80	NA	Office

As advised by the Group, the property comprises part of the building with a total gross floor area of approximately 36,005.90 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. the Group is entitled to occupy, use or lease the said building. The Group is not allowed to transfer, mortgage or dispose of the said building until the outstanding land premium has been fully settled;

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said building after the land premium has been fully settled;

iv. portion of the said tenancy agreements have been registered and they are legal, valid and enforceable under the PRC laws and regulations; and

v. though the remaining tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB56,245,994 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
109.	Various commercial units of Jinyu Elegancy City, No. 15 Garden, Nanhu South Road, Chaoyang District, Beijing, PRC	The property comprises various commercial units of 2 residential buildings completed in 2005 and erected over a parcel of land with a site area of approximately 18,062.53 sq.m. (194,425 sq.ft.). The total gross floor area of the property is approximately 13,760.00 sq.m. (148,113 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 8 February 2073 for residential, commercial, underground commercial, underground carpark and underground storage uses. (Please see details in Note 1)	Portion of the property is subject to a tenancy whilst the remaining portion is vacant.	RMB148,290,000 (100% interest attributable to the Group: RMB148,290,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area	Status of Land	Mortgage	Usage	Expiry Date
		(sq.m.)				
Jing Chao Guo Yong (2003 Chu) Di 0387	29 May 2007	18,062.53	Granted Land	NA	Residential	8 February 2073
					Commercial and Underground Commercial	8 February 2043
					Underground Carpark and Underground Storage	8 February 2053

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing GEM. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA	Mortgage	Usage
		(sq.m.)		
Jing Fang Quan Zheng Chao Guo 05 Zi Di No. 001994	26 July 2005	86,624.99	NA	Residential, Commercial and Carpark

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 13,760.00 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property; and

   iii. through the tenancy agreement has not been registered, the validity of the said tenancy agreement and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
110.	Various commercial units of City One, No. 48 Wangjing West Road, Chaoyang District, Beijing, PRC	The property comprises various commercial units of various residential buildings completed in between 2005 and 2006 and erected over 2 parcels of land with a total site area of approximately 3,632.64 sq.m. (39,102 sq.ft.). The total gross floor area of the property is approximately 2,144.26 sq.m. (23,081 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 3 August 2043 for ancillary and underground ancillary uses. (Please see details in Note 1)	The property is subject to various tenancies.	RMB22,600,00 (100% interest attributable to the Group: RMB22,600,00)

Notes:

1. Pursuant to the following Land Use Rights Certificates, the land use rights of the property have been granted to BBMG. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0266	1 September 2008	2,881.62	Granted Land	NA	Ancillary	16 April 2042
Jing Chao Guo Yong (2008 Chu) Di No. 0268	1 September 2008	751.02	Granted Land	NA	Underground Ancillary	3 August 2043

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BBMG. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550687	6 March 2008	432.76	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550671	10 March 2008	99.90	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550699	10 March 2008	157.65	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550701	10 March 2008	154.42	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550703	10 March 2008	120.28	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550695	10 March 2008	259.07	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550665	10 March 2008	118.75	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550688	10 March 2008	178.06	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550689	10 March 2008	137.32	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550684	10 March 2008	96.12	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550653	10 March 2008	431.26	NA	Commercial

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550676	10 March 2008	658.25	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550705	10 March 2008	144.45	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550709	10 March 2008	164.04	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550710	10 March 2008	160.63	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550663	10 March 2008	133.82	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550714	10 March 2008	467.55	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550690	10 March 2008	146.84	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550681	10 March 2008	197.77	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550720	10 March 2008	158.46	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550716	10 March 2008	156.21	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550650	10 March 2008	444.98	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550655	10 March 2008	633.00	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550659	10 March 2008	6,150.28	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550644	10 March 2008	4,140.87	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550691	10 March 2008	511.66	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550657	10 March 2008	598.85	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 550667	10 March 2008	610.30	NA	Commercial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 2,144.26 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property; and

   iii. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
111.	Various office units of Jiahua Plaza, No. 9 Shangdisan Street, Haidian District, Beijing, PRC	The property comprises various office units of 2 office buildings completed in between 2004 and 2006 and erected over a parcel of land with a site area of approximately 671.19 sq.m. (7,225 sq.ft.). The total gross floor area of the property is approximately 2,946.43 sq.m. (31,715 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 27 April 2052 for office, research office, commercial and underground carpark uses. (Please see details in Note 1)	The property is subject to various tenancies.	RMB31,000,000 (100% interest attributable to the Group: RMB31,000,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2008 Zhuan) Di No. 4551	22 September 2008	671.19	Granted Land	NA	Research Office and Underground Carpark	27 April 2052

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BBMG. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Hai Gu Zi Di No. 033738	26 February 2008	1,447.65	NA	Planned Usage: Commercial
X Jing Fang Quan Zheng Hai Gu Zi Di No. 033736	26 February 2008	403.34	NA	Planned Usage: Office
X Jing Fang Quan Zheng Hai Gu Zi Di No. 033764	26 February 2008	1,095.44	NA	Planned Usage: Commercial

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property; and

   iii. though the said tenancy agreements have not been registered, the validity of the said tenancy agreement and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
112.	Various commercial units of Peninsula International, Xiajiayuan, Chaoyang District, Beijing, PRC	The property comprises various commercial units of 4 residential buildings completed in 2005 and erected over a parcel of land with a site area of approximately 1,477.35 sq.m. (15,902 sq.ft.). The total gross floor area of the property is approximately 5,872.74 sq.m. (63,214 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 15 May 2043 for commercial use. (Please see details in Note 1)	The property is subject to various tenancies.	RMB60,710,000 (100% interest attributable to the Group: RMB60,710,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di. No. 0267	1 September 2008	1,477.35	Granted Land	NA	Commercial	15 May 2043

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in BBMG. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Gu Zi Di No. 549969	7 March 2008	1,718.84	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 549970	7 March 2008	2,525.42	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 549968	7 March 2008	3,497.05	NA	Commercial
X Jing Fang Quan Zheng Chao Gu Zi Di No. 549966	7 March 2008	549.92	NA	Commercial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 5,872.74 sq.m. as stipulated in the said Building Ownership Certificates.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate;

ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property; and

iii. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
113.	Various commercial units of Jiandongyuan Garden, Guanzhuang Xili, Chaoyang District, Beijing, PRC	The property comprises various commercial units of 3 buildings completed in between 1958 and 2004 and erected over 3 parcels of land with a total site area of approximately 3,613.83 sq.m. (38,899 sq.ft.). The total gross floor area of the property is approximately 6,811.79 sq.m. (73,322 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 18 May 2048 for commercial and commercial ancillary uses. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB65,500,000 (100% interest attributable to the Group: RMB65,500,000) (Please see details in Note 5)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of portion of the property with a site area of approximately 519.86 sq.m. have been granted to Beijing GEM. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Land	Status of Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2005 Chu) Di No. 0562	14 September 2005	519.86	Granted Land	NA	Commercial	23 June 2045

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Land Use Rights Certificates, the land use rights of the remaining portion of the property with a total site area of approximately 3,093.97 sq.m. have been granted to Beijing Jianji. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Land	Status of Mortgage	Usage	Expiry Date
Jing Chao Guo Yong (2008 Chu) Di No. 0171	19 June 2008	2,306.22	Granted Land	NA	Commercial	18 May 2048
Jing Chao Guo Yong (2008 Chu) Di No. 0168	4 August 2008	787.75	Granted Land	NA	Commercial Ancillary	27 April 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificates.

3. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Beijing Jianji. Details of the said certificates are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chao Qi Zi Di No. 578387	23 June 2008	1,004.99	NA	Commercial
Jing Fang Quan Zheng Chao Qi 08 Zi Di No. 002535	11 November 2008	1,196.80	NA	Commercial
X Jing Fang Quan Zheng Chao Zi Di No. 639863	12 February 2009	4,870.06	NA	Commercial and Financial

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 6,811.79 sq.m. as stipulated in the said Building Ownership Certificates.

4. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of portion of the property with a total site area of approximately 519.86 sq.m. under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate;

   ii. the Group has obtained the land use rights of the remaining portion of the property with a total site area of approximately 3,093.97 sq.m. under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   iii. the Group is entitled to occupy, use or lease portion of the buildings of the property with a total gross floor area of approximately 5,806.80 sq.m. The Group is not allowed to transfer, mortgage or dispose of the said buildings until the outstanding land premium has been fully settled;

   iv. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said buildings as stipulated in Note 4 ii and iii after the land premium has been fully settled;

   v. the Group is entitled to use, occupy and lease the remaining portion of said buildings with a total gross floor area of approximately 1,004.99 sq.m. The Group is entitled to transfer and mortgage the said buildings of the property, which are owned by other subsidiary of the Group, provided that the owner of the said land use rights has fulfilled the commitment of coordinating the transaction and mortgage; and

   vi. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

5. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB3,512,522 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
114.	Various office units of a commercial building located at No. A2 Tiyuguan West Road, Chongwen District, Beijing, PRC	The property comprises various office units of a commercial building completed in 1993 and erected over a parcel of land with a site area of approximately 484.34 sq.m. (5,213 sq.ft.). The total gross floor area of the property is approximately 1,100.00 sq.m. (11,840 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 29 April 2048 for commercial use. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB10,360,000 (100% interest attributable to the Group: RMB10,360,000 (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Jianji. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Chong Guo Yong (2008 Chu) Di No. 00059	17 July 2008	484.34	Granted Land	NA	Commercial	29 April 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Jianji. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Chong Zi Di No. 021685	19 June 2009	2,200.60	NA	Commercial

As advised by the Group, the property comprises part of the building with a total gross floor area of approximately 1,100.00 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

ii. the Group is entitled to occupy, use or lease the said building. The Group is not allowed to transfer, mortgage or dispose of the said building until the outstanding land premium has been fully settled;

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said building after the land premium has been fully settled; and

iv. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

4. As advised by the Group's PRC legal adviser, an outstanding land premium of approximately RMB2,073,456 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
115.	Various office units of a commercial building located at No. 71 Xinhua Main Street, Tongzhou District, Beijing, PRC	The property comprises various office units of a commercial building completed in 1977 and erected over a parcel of land with a site area of approximately 14,229.00 sq.m. (153,161 sq.ft.). The total gross floor area of the property is approximately 3,253.72 sq.m. (35,023 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 2 April 2048 for commercial use. (Please see details in Note 1)	The property is subject to various tenancies.	RMB31,840,000 (100% interest attributable to the Group: RMB31,840,000) (Please see details in Note 4)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing Jianji. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Tong Guo Yong (2008 Chu) Di No. 028	1 September 2008	14,229.00	Granted Land	NA	Commercial	2 April 2048

As advised by the Group's PRC legal adviser, 20% of the land premium has been paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beijing Jianji. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Tong Gu Zi Di No. 0802196	22 January 2008	16,886.07	NA	Commercial

As advised by the Group, the property comprises part of the building with a total gross floor area of approximately 3,253.72 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group has paid 20% of the land premium and is not allowed to transfer, mortgage or dispose of the said land use rights until the outstanding land premium has been fully settled;

   ii. the Group is entitled to occupy, use or lease the said building. The Group is not allowed to transfer, mortgage or dispose of the said building until the outstanding land premium has been fully settled;

iii. there is no substantial legal impediments for the Group to transfer, mortgage or dispose of the said land use rights and the said building after the land premium has been fully settled; and

iv. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

4. As advised by the Group's PRC legal advisor, an outstanding land premium of approximately RMB5,943,896 should be fully settled within one month upon the listing of the Group on the Hong Kong Stock Exchange. In the course of our valuation, we have not taken into account the said outstanding land premium and have assumed that the land premium for this property has been fully paid.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
116.	Various office units of Chengyuan Building, Xisanqi Jiancaicheng Haidian District, Beijing, PRC	The property comprises various office units of an office building completed in 2006 and erected over a parcel of land with a site area of approximately 10,797.36 sq.m. (116,223 sq.ft.). The total gross floor area of the property is approximately 17,341.41 sq.m. (186,663 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 18 March 2042 for office, commercial ancillary and uses. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB164,730,000 (100% interest attributable to the Group: RMB164,730,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Xisanqi High-Tech Building Materials. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Hai Guo Yong (2009 Zhuan) Di No. 4710	16 April 2009	10,797.36	Granted Land	NA	Ancillary	18 March 2042

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the Building Ownership Certificate, the building ownership of the property is vested in Xisanqi High-Tech Building Materials. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Hai Zi Di No. 070170	5 February 2009	17,341.41	NA	Office, Commercial and Ancillary

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid term as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property; and

   iii. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
117.	Various office units of Beima Complex Building, Yinghai Village, Daxing District, Beijing, PRC	The property comprises various office units of an office building completed in 2008 and erected over a parcel of land with a site area of approximately 6,288.00 sq.m. (67,684 sq.ft.). The total gross floor area of the property is approximately 14,144.20 sq.m. (152,248 sq.ft.). The land use rights of the property have been granted to the Group for a term expiring on 4 May 2047 for industrial use. (Please see details in Note 1)	The property is subject to a tenancy.	RMB57,100,000 (100% interest attributable to the Group: RMB57,100,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beima House Leasing (dissolved and merged into Great Wall Furniture). Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Da Xing Guo Yong (Ji) Zi Di No. 498	5 May 1997	6,288.00	Granted Land	NA	Industrial	4 May 2047

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in Beima House Leasing (dissolved and merged into Great Wall Furniture). Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
Jing Fang Quan Zheng Xing Gu Zi Di No. 00005680	16 May 2008	14,144.20	NA	Office

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is only entitled to occupy, use or lease the said land use rights within the valid term as stipulated in the Land Use Rights Certificate. The Group is entitled to occupy, use, lease, transfer or mortgage the said land use rights after the transfer of legal title to Great Wall Furniture has been completed and there is no substantial legal impediment for the said transfer of legal title;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said building of the property; and

   iii. through the said tenancy agreement has not been registered, the validity of the said tenancy agreement and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
118.	Various commercial units of Jianxinyuan Garden, Dahongmen West Road, Fengtai District, Beijing, PRC	The property comprises various commercial units of a residential building completed in 2007 and erected over 2 parcels of land with a total site area of approximately 2,516.43 sq.m. (27,087 sq.ft.). The total gross floor area of the property is approximately 3,809.19 sq.m. (41,002 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 15 December 2042 for commercial and commercial ancillary uses. (Please see details in Note 1)	The property is subject to various tenancies.	RMB15,490,000 (100% interest attributable to the Group: RMB15,490,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to Beijing GEM. Details of the said certificates are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Feng Guo Yong (2007 Chu) Zi Di No. 001545	24 December 2007	752.02	Granted Land	NA	Commercial Ancillary	15 December 2042
Jing Feng Guo Yong (2001 Chu) Zi Di No. 000978	May 2001	1,764.41	Granted Land	NA	Commercial	13 March 2041

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificates.

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is vested in Woodworking Factory.

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Feng Gu Zi Di No. 026185	15 February 2008	707.34	NA	Commercial
X Jing Fang Quan Zheng Feng Gu Zi Di No. 026186	15 February 2008	3,101.85	NA	Commercial

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificates;

   ii. the Group is entitled to use, occupy and lease the said buildings. The Group is entitled to transfer or mortgage the building of the property, which is owned by other subsidiary of the Group, provided that the owner of the said land use rights has fulfilled the commitment of coordinating the transaction and mortgage; and

iii. though the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
119.	Various office and commercial units, carparks and ancillary facilities of Global Trade Centre Phase 2, No. A9 Xiaohuangzhuang Road, Dongcheng District, Beijing, PRC	The property comprises various office and commercial units, carparks and ancillary facilities of 2 office buildings completed in 2008 and erected over a parcel of land with a site area of approximately 61,632.21 sq.m. (663,409 sq.ft.). The total gross floor area of the property is approximately 162,605.92 sq.m. (1,750,290 sq.ft.) The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 26 May 2058 for commercial, office and underground carpark uses. (Please see details in Note 1)	Portion of the property is subject to various tenancies whilst the remaining portion is vacant.	RMB2,215,210,000 (100% interest attributable to the Group: RMB2,215,210,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	State of Land	Mortgage	Usage	Expiry Date
Jing Dong Guo Yong (2008 Chu) Di Geng No. 00199	18 September 2008	61,632.21	Granted Land	NA	Commercial Office and Underground Carpark	26 May 2048 26 May 2058

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Dong Gang Ao Tai Zi Di No. 007650	10 December 2008	172,086.01	NA	Office, Carparks and Others

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 162,605.92 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificate;

ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property; and

iii. through the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009
120.	Various office and commercial units, carparks and ancillary facilities of Global Trade Centre Phase 3, No. A9 Xiaohuangzhuang Road, Dongcheng District, Beijing, PRC	The property comprises various office and commercial units, carparks and ancillary facilities of 2 office buildings completed in 2009 and erected over a parcel of land with a site area of approximately 61,632.21 sq.m. (663,409 sq.ft.). The total gross floor area of the property is approximately 61,081.38 sq.m. (657,480 sq.ft.). The land use rights of the property have been granted to the Group for various terms with the latest term expiring on 26 May 2008 for commercial, office and underground carpark uses. (Please see details in Note 1)	Portion of the property is subject to various tenancies while the remaining portion is vacant.	RMB643,620,000 (100% interest attributable to the Group: RMB643,620,000)

Notes:

1. Pursuant to the following Land Use Rights Certificate, the land use rights of the property have been granted to BBMG. Details of the said certificate are listed as follows:

Land Use Rights Certificate No.	Date of Issue	Site Area (sq.m.)	Status of Land	Mortgage	Usage	Expiry Date
Jing Dong Guo Yong (2008 Chu) Di Geng No. 00199	18 September 2008	61,632.21	Granted Land	NA	Commercial	26 May 2048
					Office and Underground Carpark	26 May 2058

As advised by the Group's PRC legal adviser, the land premium has been fully paid for the above Land Use Rights Certificate.

2. Pursuant to the following Building Ownership Certificate, the building ownership of the property is vested in BBMG. Details of the said certificate are listed as follows:

Building Ownership Certificate No.	Date of Issue	GFA (sq.m.)	Mortgage	Usage
X Jing Fang Quan Zheng Dong Zi Di No. 011508	3 June 2009	71,670.94	NA	Lobby and Rest Area, Commercial Service Ancillary Room, Underground Carpark, Office, Display Room and Rest Area

As advised by the Group, the property comprises part of the buildings with a total gross floor area of approximately 61,081.38 sq.m. as stipulated in the said Building Ownership Certificate.

3. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the Group has obtained the land use rights of the property under the PRC laws and regulations and is entitled to occupy, use, transfer, lease, mortgage or dispose of the said land use rights within the valid terms as stipulated in the Land Use Rights Certificate;

   ii. the Group is entitled to occupy, use, transfer, lease, mortgage or dispose of the said buildings of the property; and

   iii. through the said tenancy agreements have not been registered, the validity of the said tenancy agreements and the rights of leasing the property have not been affected.

Group X — Properties rented by the Group in the PRC

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
121.	An industrial complex located at No. A1 Jiujingzhuang Road, Fengtai District, Beijing, PRC	The property comprises 3 buildings completed in 2005. The buildings mainly comprise warehouse, office and other ancillary buildings. The total gross floor area of the property is approximately 13,424.47 sq.m. (144,501 sq.ft.). The property is rented from Beijing Oakland Building Waterproofing Materials Co., Ltd. (the "lessor"), a subsidiary of the Parent, under a tenancy agreement dated 6 November 2007 for a term commencing on 1 January 2007 and expiring on 23 May 2026 at the following annual rentals:	The property is occupied by the Group for office, storage and other ancillary uses.	No commercial value

Lease Term	Annual Rental
1 January 2007 — 31 December 2007	RMB568,000
1 January 2008 — 31 December 2008	RMB624,000
1 January 2009 — 31 December 2009	RMB748,800
1 January 2010 — 31 December 2010	RMB998,000
1 January 2011 — 31 December 2011	RMB1,248,000
1 January 2012 — 23 May 2026	Market Rent

Notes:

1. The lessee of the property, BBMG Logistics Co., Ltd. ("BBMG Logistics"), is a wholly owned subsidiary of the Company.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lessor is entitled to lease the property to the lessee;

   ii. the tenancy agreement is valid, binding and enforceable under the PRC laws;

   iii. the rights of the lessee under the tenancy agreement are protected under the PRC laws; and

   iv. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
122.	A commercial unit on Level 1, No. 64 Yongdingmenwai Main Street, Chongwen District, Beijing, PRC	The property comprises a commercial unit of a building completed in 1993. The gross floor area of the property is approximately 1,000.00 sq.m. (10,764 sq.ft.). The property is rented from Beijing Building Materials Sales Centre (the "lessor"), a subsidiary of the Parent, under a tenancy agreement dated 1 November 2007 for a term commencing on 1 December 2007 and expiring on 30 November 2011 at an annual rental of RMB600,000.	The property is occupied by the Group for commercial use.	No commercial value

Notes:

1. The lessee of the property, BBMG Group Co., Ltd., Cement Branch (now named BBMG Corporation, Cement Branch), is a wholly owned subsidiary of the Company.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lessor is authorized by the owner of the property to lease the property to the lessee;

   ii. the tenancy agreement is valid, binding and enforceable under the PRC laws;

   iii. the rights of the lessee under the tenancy agreement are protected under the PRC laws; and

   iv. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
123.	Level 1 of Hotel and extension (excluding telephone room, reception and storage), No. 64 Yongdingmenwai Main Street, Chongwen District, Beijing, PRC	The property comprises a canteen of a building completed in 1993. The gross floor area of the property is approximately 278.00 sq.m. (2,992 sq.ft.). The property is rented from 北京市龍順成中式家具廠 (Beijing Longshuncheng Zhongshi Jiaju Factory) (the "lessor"), a subsidiary of the Parent, under a tenancy agreement dated 28 April 2009 for a term commencing on 1 May 2009 and expiring on 30 April 2010 at an annual rental of RMB100,000.	The property is occupied by the Group for canteen use.	No commercial value

Notes:

1. The lessee of the property, BBMG Cement Trading Co., Ltd., is a wholly owned subsidiary of the Company.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lessor is entitled to lease the property to the lessee;

   ii. the tenancy agreement is valid, binding and enforceable under the PRC laws;

   iii. the rights of the lessee under the tenancy agreement are protected under the PRC laws; and

   iv. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
124.	Portion of an industrial complex located at District 1, Chaoxin Jiayuan Dongli, Chaoyang District, Beijing, PRC	The property comprises portion of an industrial complex completed in 2000. The total gross floor area of the property is approximately 3,023.00 sq.m. (32,540 sq.ft.). The property is rented from Beijing Doors and Windows Company (the "lessor"), a subsidiary of the Parent, under a tenancy agreement on 22 November 2006 for a term commencing on 3 November 2006 and expiring until the completion of the proposed development at an annual rental of RMB372,964.	The property is occupied by the Group for industrial uses.	No commercial value

Notes:

1. The lessee of the property is Beijing GEM.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lessor is entitled to lease the property to the lessee;

   ii. the tenancy agreement is valid, binding and enforceable under the PRC laws;

   iii. the rights of the lessee under the tenancy agreement are protected under the PRC laws; and

   iv. the tenancy agreement has not been registered but this does not affect the validity of such tenancy agreement.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
125.	Various office units of Blocks A and B, No. A129 Xuanwumen West Main Street, Xicheng District, Beijing, PRC	The property comprises 2 office units of two buildings completed in 1998. The total gross floor area of the property is approximately 484.40 sq.m. (5,214 sq.ft.). The property is rented from Parent (the "lessor") under a tenancy agreement dated 1 January 2008 for a term commencing on 1 January 2008 and expiring on 31 December 2010 at an annual rental of RMB520,000.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The lessee of the property is BBMG.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lessor is entitled to lease the property to the lessee;

   ii. the tenancy agreement is valid, binding and enforceable under the PRC laws;

   iii. the rights of the lessee under the tenancy agreements are protected under the PRC laws; and

   iv. the tenancy agreement has not been registered but this does affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
126.	An office unit of Block B, No. A129 Xuanwumen West Main Street, Xicheng District, Beijing, PRC	The property comprises an office unit of a building completed in 1998. The gross floor area of the property is approximately 186.00 sq.m. (2,002 sq.ft.). The property is rented from Parent (the "lessor") under a tenancy agreement dated 1 January 2008 for a term commencing on 1 January 2008 and expiring on 31 December 2010 at an annual rental of RMB200,000.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The lessee of the property, Beijing Building Materials Import and Export Co., Ltd., is a wholly owned subsidiary of the Company.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lessor is entitled to lease the property to the lessee;

   ii. the tenancy agreement is valid, binding and enforceable under the PRC laws;

   iii. the rights of the lessee under the tenancy agreements are protected under the PRC laws; and

   iv. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
127.	An office building located at No. 18 Shashichang Road, Haidian District, Beijing, PRC	The property comprises an office building completed in 2000 and erected over a parcel of land with a site area of approximately 63,889.75 sq.m. (687,709). The total gross floor area of the property is approximately 375.54 sq.m. (4,042 sq.ft.). The property is rented from Beijing Xisha Assets Management Co., Ltd. (the "lessor"), a subsidiary of the Parent, under two tenancy agreements dated 1 March 2009 for terms commencing on 1 March 2009 and expiring on 31 December 2011 at a total annual rental of RMB1,500,000.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The lessee of the property, BBMG Concrete Co., Ltd. ("BBMG Concrete"), is a 69.71% owned subsidiary of the Company.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lessor is entitled to lease the property to the lessee;

   ii. the tenancy agreements are valid, binding and enforceable under the PRC laws;

   iii. the rights of the lessee under the tenancy agreements are protected under the PRC laws; and

   iv. the tenancy agreements have not been registered but this does not affect their validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
128.	A commercial unit on Level 1, Beijing Hong Xing Mei Kai Long International Furniture Square, No. 113 Xisihuanzhong Road, Fengtai District, Beijing, PRC	The property comprises a commercial unit of a building completed in 2008. The gross floor area of the property is approximately 88.50 sq.m. (953 sq.ft.). The property is rented from 北京紅星美凱龍國際傢具建材廣場有限公司 (Beijing Hongxing Meikailong Guoji Jiaju Jiancai Guangchang Co., Ltd.) (the "lessor"), an independent third party, under a tenancy agreement dated 24 September 2008 for a term commencing on 16 September 2008 and expiring on 15 September 2009 at an annual rental of RMB270,810.	The property is occupied by the Group for commercial use.	No commercial value

Notes:

1. The lessee of the property is Century Jingzhongyuan.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. as the relevant Building Ownership Certificate is not available, the lessor may not be entitled to lease the property to the lessee;

   ii. in case the lessor has not obtained the Building Ownership Certificate of the property, the tenancy agreement may not be protected under the PRC law and we may be requested to cease our use of the property; and

   iii. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
129.	Exhibition Hall Nos. A8206 and 8207, Level 1, Beijing Hong Xing Mei Kai Long Shibo Furniture Square, No. 193 Dongsihuanzhong Road, Chaoyang District, Beijing, PRC	The property comprises a commercial unit of a building completed in 1993. The total gross floor area of the property is approximately 145.60 sq.m. (1,567 sq.ft.). The property is rented from 北京紅星美凱龍世博傢具廣場有限公司 (Beijing Hongxing Meikailong Shibo Jiaju Guangchang Co., Ltd.) (the "lessor"), an independent third party, under a tenancy agreement dated 25 December 2008 for a term commencing on 1 April 2009 and expiring on 30 March 2010 at an aggregate rental of RMB576,576.	The property is occupied by the Group for commercial use.	No commercial value

Notes:

1. The lessee of the property is Century Jingzhongyuan.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lessor is entitled to lease the property to the lessee;

   ii. the tenancy agreement is valid, binding and enforceable under the PRC laws;

   iii. the rights of the lessee under the tenancy agreement are protected under the PRC laws; and

   iv. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
130.	Level 1, Building No. 3, Juranzhijia, No.65 North 4th Ring East Road, Chaoyang District, Beijing, PRC	The property comprises a commercial unit of a building completed in 1999. The gross floor area of the property is approximately 288.00 sq.m. (3,100 sq.ft.). The property is rented from 北京居然之家家居建材市場有限公司 (Beijing Juranzhijia Jiaju Jiancai Shichang Co., Ltd.) (the "lessor"), an independent third party, under a tenancy agreement dated 26 July 2008 for a term commencing on 26 July 2008 and expiring on 14 August 2009 at an aggregate rental of RMB1,532,160.	The property is occupied by the Group for commercial use.	No commercial value

Notes:

1. The lessee of the property is Century Jingzhongyuan.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

    i. as the relevant Building Ownership Certificate is not available, the lessor may not be entitled to lease the property to the lessee;

    ii. in case the lessor has not obtained the Building Ownership Certificate of the property, the tenancy agreement may not be protected under the PRC law and we may be requested to cease our use of the property; and

    iii. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
131.	Level 1, Jinyuan Building No. 2, Juranzhijia, No. 1 Yuanda Road, Haidian District, Beijing, PRC	The property comprises a commercial unit of a building completed in 2004. The gross floor area of the property is approximately 194.00 sq.m. (2,088 sq.ft.). The property is rented from 北京居然之家金源家居建材市場有限公司 (Beijing Juranzhijia Jinyuan Jiaju Jiancai Shichang Co., Ltd.) (the "lessor"), an independent third party, under a tenancy agreement dated 16 June 2009 for a term commencing on 1 June 2008 and expiring on 31 May 2010 at an aggregate rental of RMB1,592,352.	The property is occupied by the Group for commercial use.	No commercial value

Notes:

1. The lessee of the property is Century Jingzhongyuan.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. as the relevant Building Ownership Certificate is not available, the lessor may not be entitled to lease the property to the lessee;

   ii. in case the lessor has not obtained the Building Ownership Certificate of the property, the tenancy agreement may not be protected under the PRC law and we may be requested to cease our use of the property; and

   iii. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
132.	Unit 608, Level 6, Bei Kong Technology Building, No. 10 Baifuquan Road, Changping Technology Zone, Changping District, Beijing, PRC	The property comprises an office unit on Level 6 of a building completed in 2005. The gross floor area of the property is approximately 127.10 sq.m. (1,368 sq.ft.). The property is rented from 北京北控高科技孵化器有限公司 (Beijing Enterprises Holdings High Tech Development Co., Ltd.) (the "lessor"), an independent third party, under a tenancy agreement dated 1 September 2008 for a term commencing on 1 October 2008 and expiring on 30 September 2009 at an annual rental of RMB78,865.5.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The lessee of the property is BBMG Mangrove Environmental.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. the lessor is entitled to lease the property to the lessee;

   ii. the tenancy agreement is valid, binding and enforceable under the PRC laws;

   iii. the rights of the lessee under the tenancy agreement are protected under the PRC laws; and

   iv. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 May 2009
133.	Level 3, Hangzhou Wenhui Hotel, Hangzhou Economic Development Zone, Hangzhou, Zhejiang Province, PRC.	The property comprises the whole Level 3 of a hotel completed in 2006. The total gross floor area of the property is approximately 500.00 sq.m. (5,382 sq.ft.). The property is rented from 杭州文滙大酒店 (Hangzhou Wenhui Hotel), an independent third party under a tenancy agreement dated 8 December 2008 for a term commencing on 16 December 2008 and expiring on 15 December 2009 at an annual rental of RMB290,000.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The lessee of the property is BBMG-Wildwind.

2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. as the relevant Building Ownership Certificate is not available, the lessor may not be entitled to lease the property to the lessee;

   ii. in case the lessor has not obtained the Building Ownership Certificate of the property, the tenancy agreement may not be protected under the PRC law and we may be requested to cease our use of the property; and

   iii. the tenancy agreement has not been registered but this does not affect its validity.

	Property	Description and tenancy particulars	Particulars of occupancy	Market value In existing state as at 31 May 2009
134.	Level 1, Building No. 1, Yuquanyingdian, No.58 South 3rd Ring West Road, Fengtai District, Beijing, PRC	The property comprises the whole Level 1 of a building completed in 2003. The gross floor area of the property is approximately 87.50 sq.m. (942 sq.ft.). The property is rented from 北京居然之家玉泉營家居建材市場有限公司 (Beijing Juranzhijia Yuquanying Jiaju Jiancai Shichang Co., Ltd.), an independent third party, under a tenancy agreement dated 9 December 2008 for a term commencing on 1 January 2009 and expiring on 31 December 2009 at an annual rental of RMB378,000.	The property is occupied by the Group for commercial use.	No commercial value

Notes:

1. The lessee of the property is Century Jingzhongyuan.
2. We have been provided with the legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
   i. as the relevant Building Ownership Certificate is not available, the lessor may not be entitled to lease the property to the lessee;
   ii. in case the lessor has not obtained the Building Ownership Certificate of the property, the tenancy agreement may not be protected under the PRC law and we may be requested to cease our use of the property; and
   iii. the tenancy agreement has not been registered but this does not affect its validity.

This Appendix contains a summary of laws and regulations in respect of taxation and foreign exchange in Hong Kong and the PRC.

TAXATION IN THE PRC

Taxation applicable to joint stock limited companies

Corporate income tax

The *Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法) (the "**New EIT Law**") was promulgated by the National People's Congress on 16 March 2007 and effective on 1 January 2008. Under such law, enterprises and other organisations which generate income in the PRC are required to pay corporate income tax in the PRC.

The New EIT Law provides a unified tax rate at 25% for all PRC resident enterprises, including domestic and foreign invested enterprises. Non-PRC Resident Enterprises (means companies established pursuant to a non-PRC law with their *de facto* management conducted outside the PRC, but which have established organisations or premises in the PRC, or which have generated income within the PRC without having established organisations or premises in the PRC) which have not established organisation or premises within the PRC, or if established, the income derived is in fact not associated with such organisations and premises in the PRC, are subject to corporate income tax at a rate of 20% of their income generated within the PRC. The 20% tax rate applicable to such Non-PRC Resident Enterprises has been further reduced to 10% by the implementation rules of the New EIT Law.

Value added tax

Pursuant to the *Provisional Regulations of the PRC Concerning Value Added Tax* (中華人民共和國增值稅暫行條例) and their implementing rules, the sale of products within the PRC, the importation of products and the provision of processing and/or repair services within the PRC by the Company are subject to value-added tax ("**VAT**"). VAT payable is calculated as "output VAT" minus "input VAT". Input VAT payable by the Company on purchases is recoverable out of the output VAT collected from its customers, and any excess of output VAT over input VAT paid is payable to the tax authority. The rate of VAT is 17%, or, in certain limited circumstances, 13%, depending on the product type.

Business tax

Pursuant to the *Provisional Regulations of the PRC Concerning Business Tax* (中華人民共和國營業稅暫行條例) and their implementation rules, a business tax is imposed on enterprises that provide taxable services, transfer intangible property or sell real estate in the PRC. The business tax is levied at a rate of 3% to 20% on the provision of taxable services, transfer of intangible property or sale of real estate in the PRC.

Land appreciation tax

Pursuant to the *Provisional Regulations of the People's Republic of China on Land Appreciation Tax* (中華人民共和國土地增值稅暫行條例) (the "**LAT Provisional Regulations**") and their implementation rules, any appreciation amount gained from taxpayer's transfer of property shall be subject to land appreciation tax ("**LAT**"). LAT is calculated based on a 4-band excess progressive tax rate: for the portion with appreciation not exceeding 50% of the deductible amount, the applicable tax rate is 30%; for the portion with appreciation exceeding 50% but not exceeding 100% of the deductible amount, the applicable tax rate is 40%; for the portion exceeding 100% but not exceeding 200% of the deductible amount, the applicable tax rate is 50%; for the portion exceeding 200% of the deductible amount, the applicable tax rate is 60%. The related deductible items aforesaid include the following:

(i) amount paid for obtaining the land use right certificate;

(ii) costs and expenses for development of land;

(iii) costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and construction;

(iv) related tax payable for transfer of property; and

(v) other deductible items as specified by the Ministry of Finance (the "**MOF**").

Taxation applicable to security holders

The following is a summary of certain PRC and Hong Kong tax consequences of the ownership of H Shares by an investor that purchases such H Shares in connection with the Global Offering and holds the H Shares as capital assets. This summary does not purport to address all material tax consequences of the ownership of H Shares, and does not take into account the specific circumstances of any particular investors (such as tax-exempt entities, certain insurance companies, broker-dealers, investors liable for alternative minimum tax, investors that actually or constructively own 10% or more of the voting stock of the Company, investors that hold H Shares as part of a straddle or a hedging or conversion transaction whose functional currency is not the U.S. dollar), some of which may be subject to special rules. This summary is based on the tax laws of the PRC and Hong Kong as in effect on the date hereof, all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This discussion does not address any aspects of Hong Kong or PRC taxation other than income taxation, capital taxation, stamp duties and estate duties. Prospective investors are urged to consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

Taxation of dividends

Individual investors

According to the *Provisional Regulations of China Concerning Questions of Taxation on Enterprises Experimenting with the Share System* (股份制試點企業有關稅收問題的暫行規定) (the "**Provisional Regulations**") *and the Individual Income Tax Law of China* (中華人民共和國個人所得稅法), dividends paid by PRC companies are ordinarily subject to a PRC withholding tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a company in the PRC is normally subject to a withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. According to the *Notice of the State Administration of Taxation Concerning the Taxation of Gains on Transfer and Dividends from Shares (Equities) Received by Foreign Invested Enterprises*, *Foreign Enterprises and Foreign Individuals* (關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知) (the "**Tax Notice**" issue by the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局) (the "**SAT**") on 21 July 1993, the dividends paid by a PRC company to foreign individuals with respect to shares listed on an overseas stock exchange ("**Overseas Shares**"), such as H Shares, are temporarily not subject to PRC withholding tax. In the event that this exemption is withdrawn, a 20% tax may be withheld on dividends in accordance with the Provisional Regulations and the Individual Income Tax Law. Such withholding tax may be reduced pursuant to an applicable tax treaty on prevention of double taxation. To date, the relevant tax authorities have not collected withholding tax from dividend payments on such Shares exempted under the Tax Notice.

Non-individual investors

The implementation rules of the New EIT Law provide that the dividend paid to shareholders which are Non-PRC Resident Enterprises will be subject to a withholding tax at a rate of 10%. According to the *Notice on Several Issues related to Withholding of Enterprise Income Tax by PRC Resident Enterprises for its Overseas Non-PRC Resident Enterprise H-share Shareholder*s (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) issued by the SAT on 6 November 2008, when a PRC resident enterprise distributes share dividend for 2008 or any subsequent years to shareholders which are overseas Non-PRC Resident Enterprises, it shall withhold and pay corporate income tax on behalf of such shareholders at a rate of 10%. However, after such shareholders receive the share dividend, they may by themselves or through their entrusted agents or obligors of the tax withholding and payment, submit application for entitlement to tax protocol (arrangement) treatment, and if and where the competent tax authorities determine that the shareholders are entitled to tax protocol (arrangement) treatment, the tax authorities shall refund the tax differences between the taxes already levied and the taxes payable as calculated according to the tax rate set forth in the tax protocol (arrangement).

Tax treaties

Investors who do not reside in the PRC and reside in countries that have entered into double-taxation treaties with the PRC may be entitled to a reduction of the withholding tax imposed on the payment of dividends. The PRC currently has double-taxation treaties with a number of other countries, including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

Taxation of capital gains

Individual investors

According to the *Individual Income Tax Law* and its implementation rules, gains realised on the sale of equity interests would be subject to income tax at a rate of 20%. The MOF has the power to formulate the detailed implementing measures for levying the individual income tax on the gains realised on the sale of shares in PRC companies. However, to date, no such implementing measures have been promulgated by the MOF, and individual income tax on gains realised on sales of shares has not yet been levied in the PRC.

The Tax Notice provides that gains realised by foreign individuals on the sale of Overseas Shares, such as H shares, are temporarily not subject to PRC income tax. In the event that such temporary exemption ceases to be effective, individual holders of H shares may be subject to income tax at a rate of 20% on capital gains, unless such tax is reduced or eliminated by applicable double taxation treaties.

Non-individual investors

Under the New EIT Law and its implementation rules, gains on sales of shares of PRC resident enterprises by Non-PRC Resident Enterprises are subject to an income tax at a rate of 10%.

Stamp duty

PRC stamp duty imposed on the transfer of shares of PRC listed companies should not apply to the acquisition and disposal by non-PRC investors of H shares outside of the PRC by virtue of the *Provisional Regulations of China Concerning Stamp Duty* (中華人民共和國印花稅暫行條例), which became effective on 1 October 1988 and which provide that PRC stamp duty is imposed only on documents, executed or received within the PRC that are legally binding in the PRC and are protected under PRC law.

Estate duty

No liability for estate tax under PRC law will arise from non-PRC national holding H shares.

TAXATION IN HONG KONG

Taxation of dividends

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us.

Taxation of capital gains

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the H Shares. However, trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 17.5% for corporations and at a maximum rate for individuals of 16.0%. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for examples, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arising in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for, or the market value of, the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of H shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H shares). In addition, a fixed duty of HK$5.0 is currently payable on any instrument of transfer of H shares. Where one of the parties to a transfer is resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If stamp duty is not paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H shares whose deaths occur on or after 11 February 2006.

FOREIGN EXCHANGE

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. The State Administration of Foreign Exchange, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local State Administration of Foreign Exchange office before it could convert Renminbi into foreign currency through the PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by the State Administration of Foreign Exchange on a daily basis. Renminbi could also be converted into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, foreign currencies and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre first had to obtain the approval of the State Administration of Foreign Exchange.

On 28 December 1993, the PBOC, under the authority of the State Council, promulgated the *Notice of the People's Bank of China Concerning Further Reform of the Foreign Currency Control System* (中國人民銀行關於進一步改革外匯管理體制的公告) (the "**Notice**"), effective from 1 January 1994. The Notice announces the abolition of the system of foreign exchange quotas, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, the PBOC promulgated the *Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange* (結匯、售匯及付匯管理暫行規定) (the "**Provisional Regulations**"). The Provisional Regulations set out detailed provisions regulating the sale and purchase of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

On 29 January 1996, the State Council promulgated new *Regulations of Foreign Exchange* (中華人民共和國外匯管理條例) (the "**Foreign Exchange Regulations**") which became effective on 1 April 1996. The Control of Foreign Exchange Regulations classify all international payments and transfers into current account items and capital account items. Most of the current account items are no longer subject to State Administration of Foreign Exchange approval while capital account items still are. The Control of Foreign Exchange Regulations were subsequently amended on 14 January 1997 and on 1 August 2008. The former amendment affirmatively states that the State shall not restrict international current account payments and transfers.

On 20 June 1996, the PBOC promulgated the *Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange* (結匯、售匯及付匯管理規定) (the "**Settlement Regulations**"), which took effect on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on the convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC also published the *Announcement on the Implementation of Foreign Exchange Settlement and Sale at Banks by Foreign-invested Enterprises* (中國人民銀行關於對外商投資企業實行銀行結售匯的公告) (the "**Announcement**").

The Announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange along with specialized accounts for capital account receipts and payments at designated foreign exchange banks.

On 25 October 1998, the PBOC and the State Administration of Foreign Exchange promulgated the *Notice Concerning Closure of the Foreign Exchange Swap Business Activities* (關於停辦外匯調劑業務的通知) pursuant to which and effective from 1 December 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprise shall come under the banking system for the settlement and sale of foreign exchange.

Since 1 January 1994, the former dual exchange rate system for Renminbi has been abolished and replaced by a managed floating exchange rate system, which is determined by demand and supply. The PBOC sets and publishes daily the Renminbi-U.S. dollar base exchange rate. This exchange rate is determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. The PBOC will also, with reference to exchange rates in the international foreign exchange market, announce the exchange rates of Renminbi against other major currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the exchange rate announced by the PBOC.

On 21 July 2005, the PBOC announced that from the same date, the PRC would implement a managed floating exchange rate system based on market supply and demand and with reference to a basket of currencies. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar only. The PBOC would announce the closing price of a foreign currency such as the U.S. dollar against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day. This closing price will be used as the middle price for quoting the Renminbi exchange rate on the following working day.

Since 4 January 2006, the PBOC improved the method of generating the middle price for quoting the Renminbi exchange rate by introducing an enquiry system while keeping the match-making system in the inter-bank spot foreign exchange market. In addition, the PBOC provided liquidity in the foreign exchange market by introducing the market-making system in the inter-bank foreign exchange market. After the introduction of the enquiry system, the generation of the middle price for quoting the Renminbi against the U. S. dollar was transformed to a mechanism under which the PBOC authorized the China Foreign Exchange Trading System to determine and announce the middle price for quoting the Renminbi against the U.S. dollar, based on the enquiry system, at 9:15 am on each business day.

Save for foreign-invested enterprises or other enterprises that are specially exempted by relevant regulations, all entities in the PRC must sell their foreign exchange recurrent income to designated foreign exchange banks. Foreign exchange income from loans issued by organizations outside the territory or from the issuance of bonds and shares (for example foreign exchange income received by the Company from the sale of shares overseas) is not required to be sold to designated foreign exchange banks, but may be deposited in foreign exchange accounts at the designated foreign exchange banks.

PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of State Administration of Foreign Exchange, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprises that need foreign exchange for the distribution of profits to their shareholders, and PRC enterprises that in accordance with regulations are required to pay dividends to shareholders in foreign exchange (like the Company), may on the basis of general meeting resolutions of such PRC enterprises or board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from the State Administration of Foreign Exchange and the relevant branch must be sought.

Dividends to holders of H Shares are fixed in Renminbi but must be paid in Hong Kong dollars.

We prepare our consolidated financial statements in Renminbi.

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against the U.S. dollar in the market during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange markets. Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or security, requires the approval of the State Administration of Foreign Exchange and other relevant authorities.

This appendix sets out summaries of certain aspects of PRC laws and regulations, which are relevant to our operations and business.

PRC JUDICIAL SYSTEM

Under the *PRC Constitution* (中華人民共和國憲法) and the *Law of Organisation of the People's Courts* (中華人民共和國人民法院組織法), the judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are organised into civil, criminal and administrative divisions. The intermediate people's courts are organised into divisions similar to those of the basic people's courts, and are further organised into other special divisions (such as the intellectual property division). The higher level people's courts supervise the basic and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all of the people's courts.

The people's courts employ a "second instance as final" appellate system. A party may appeal against a judgement or order of the people's court of first instance to the people's court at the next higher level. Second judgements or orders given at the next higher level are final. First judgements or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a judgement given in any court at a lower level, or the presiding judge of a people's court finds an error in a judgement given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The *Civil Procedure Law of the PRC* (中華人民共和國民事訴訟法), which was adopted on 9 April 1991 and amended on 28 October 2007, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgement or order made by a people's court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the people's court to request for enforcement of the judgement, order or award. There is a time limit of two (2) years imposed on the right to apply from such enforcement. If a person fails to satisfy a judgement made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgement.

A party seeking to enforce a judgement or order of a people's court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgement or order. A foreign judgement or ruling may also be recognised and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country that provides for such recognition and enforcement, or if the judgement or ruling satisfies the court's examination according to the principle of reciprocity. No reciprocity will be given, however, where the people's court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

On 29 December 1993, the Standing Committee of the Eighth NPC adopted the *Company Law* (中華人民共和國公司法) which came into effect on 1 July 1994 and was amended for the first time on 25 December 1999, the second time on 28 August 2004 and the third time on 27 October 2005. The newly amended Company Law of the People's Republic of China (hereinafter referred to as the "**new Company Law**") has been promulgated and became effective on 1 January 2006.

On 4 July 1994, *the Special Regulations for a Joint Stock Limited Company to Place and List Its Shares Overseas* (國務院關於股份有限公司境外募集股份及上市的特別規定) (hereinafter referred to as the "**Special Regulations**") were passed at the Twenty Second Standing Committee Meeting of the State Council, and they were promulgated and implemented on 4 August 1994. The Special Regulations are formulated according to the provisions of Sections 85 and 155 of the Company Law in respect of the overseas share subscription and listing of joint stock limited companies. The Mandatory Provisions were issued jointly by the Securities Commission of the State Council and the State Economic System Restructuring Commission on 27 August 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Accordingly, the Mandatory Provisions have been incorporated in the Articles of Association (which are summarised in Appendix VII). References to a "company" are to a joint stock limited company established under the Company Law with overseas listed foreign invested shares.

Set out below is a brief summary of the differences between the Company Law and the new Company Law and the major provisions of the Special Regulations and the Mandatory Provisions. Copies of the Chinese text of the Company Law, Special Regulations and the Mandatory Provisions together with copies of their unofficial English translations thereof are available for inspection as mentioned in "Appendix IV — Documents Delivered to the Registrar of Companies and Available for Inspection".

General

A "joint stock limited company" (hereinafter referred to as "**Company**") is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them, and the liability of the Company is limited to the full amount of all the assets owned by it.

A State-owned enterprise that is restructured into a Company must comply with the conditions and requirements specified by law and administrative regulations for the modification of its operation mechanisms, the systematic handling and evaluation of that Company's assets and liabilities and the establishment of internal management organs.

A Company must conduct its business in accordance with law and professional ethics. A Company may invest in other enterprises. However, unless otherwise required by law, a Company cannot be the contributor who has the obligations associated with the debt of the invested enterprise.

Incorporation

A Company may be incorporated by promotion or public subscription.

Companies incorporated by promotion are companies whose registered capital is entirely subscribed for by the promoters. A Company may be incorporated by two to 200 promoters, but at least half of the promoters must have residence in the PRC. According to the Special Regulations, State-owned enterprises or enterprises with the majority of their assets owned by the PRC Government can be restructured in accordance with the relevant regulation to become Companies which may issue shares to overseas investors. These companies if incorporated by promotion may have fewer than 5 promoters and can issue new shares once incorporated.

Companies incorporated by promotion are companies whose registered capital is entirely subscribed for by the promoters. Where companies are incorporated by public subscription, the promoters are required to subscribe for not less than 35% of the total number of shares of a company, and the remaining shares to be offered to the public or specific persons.

The registered capital of a Company must be, at a minimum, RMB5 million. The Company Law provides that, for Companies incorporated by way of promotion, the registered capital has to be the total capital subscribed for by all promoters (as registered with the relevant AIC). For companies established by way of public subscription, the registered capital is the amount of the total paid-up capital (as registered with the relevant AIC).

Pursuant to the *Securities Law of the PRC* (中華人民共和國證券法), adopted on 29 December 1998 and amended, respectively, on 28 August 2004 and 27 October 2005 by the Standing Committee of the National People's Congress (hereinafter referred to as the "**Securities Law**"), the total capital of a company that proposes to apply for its shares to be listed on a stock exchange must not be less than RMB30 million.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and shall give 15 days prior notice to all subscribers or make a public announcement. The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares the Company. At the inaugural meeting, matters including the adoption of draft articles of association proposed by the promoter(s) and the election of the board of directors and the supervisory committee of a Company will be addressed. All resolutions passed at the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the establishment of the Company. A Company is formally established and has the status of a legal person after approval for registration has been given by the relevant AIC and a business licence has been issued.

A Company's promoters shall individually and collectively be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the Company cannot be incorporated; (ii) the repayment of subscription monies to the subscribers, together with interest at bank rates, for a deposit of the same term if the Company cannot be incorporated; and (iii) damages suffered by the Company as a result of the default of the promoters in the course of incorporation of the Company.

Share capital

The promoters of a Company can make capital contributions in cash, or in kind that can be valued in currency and transferred according to law (such as intellectual property rights or land use rights based on their appraised value), provided that the amount of capital contribution in cash by all shareholders is not less than 30% of the registered capital. If capital contribution other than in cash is made, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, those issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of the promoter(s) or the legal person(s) (not under a different name or the name of a representative).

The Special Regulations and the Mandatory Provisions provide that overseas listed shares be issued in registered form and shall be denominated in Renminbi but subscribed for in foreign currency. Under the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from the territories of Hong Kong, Macau and Taiwan and listed overseas are known as overseas listed foreign invested shares, and shares issued to investors within the PRC (other than the territories specified above), are known as domestic shares.

A Company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Under the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed foreign invested shares proposed to be issued (after accounting for the number of underwritten shares).

The share offering price may be equal to or greater than par value, but may not be less than par value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by endorsement or as stipulated by laws or by administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a Company may not be transferred within one year after the date of the Company's incorporation. Shares issued by a Company prior to the public offering may not be transferred within one year from the date of listing of the shares of the company on a stock exchange. During their term of office, directors, supervisors and senior management of a company shall not transfer over 25% of the total shares held by each of them in the company each year. They shall, within one year, not transfer any share of the company held by each of them after the listing date. There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of registered shares may not be entered in the register of shareholders within twenty (20) days before the date of a shareholders' meeting or within five (5) days before the record date set for the purpose of distribution of dividends.

Increase in capital

Under the Company Law, an increase in the capital of a Company by means of an issue of new shares must be approved by shareholders at general meeting.

Save for the abovementioned condition of obtaining approval at the general meetings required by the Company Law for the public offering of new shares, the Securities Law provides that the company in consideration shall: (i) have a sound organisational structure and a satisfactory operating record; (ii) have a robust financial position and the capability for continuing profitability and a healthy financial position; (iii) have no false statements and other material breaches in the financial and accounting documents arising from the previous three years; and (iv) fulfill other conditions required by the securities administration department of the State Council as approved by the State Council.

Public offerings require the approval of the securities administration department of the State Council.

After payment in full for the new shares issued, a Company must change its registration with the relevant SAIC and issue a public notice accordingly.

Reduction of share capital

Subject to the minimum registered capital requirements, a Company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) the Company shall prepare a balance sheet and an inventory of assets;

(ii) the reduction of registered capital must be approved by shareholders at a general meeting;

(iii) the Company shall inform its creditors of the reduction in capital within ten (10) days and publish an announcement of the reduction in a newspaper within thirty (30) days after the resolution approving the reduction has been passed;

(iv) the creditors of the Company may within the statutory prescribed time limit require the Company to pay its debts or provide guarantees covering the debts; and

(v) the Company must apply to the relevant SAIC for the registration of the reduction in registered capital.

Repurchase of shares

A Company may not purchase its own shares other than for the purpose of:

(i) reducing its capital by canceling its shares or merging with another company holding its shares;

(ii) granting shares as a reward to staff; and

(iii) satisfying request of its shareholders who vote against the resolution regarding the merger or division of the company at a general meeting.

The shares repurchased by the Company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any funds for such purpose shall be paid out of after-tax profits of the Company, and the shares so purchased shall be transferred to the Company's staff within one year. The Mandatory Provisions provide that upon obtaining approvals in accordance with the articles of association of the Company and from the relevant supervisory authorities, a Company may repurchase its issued shares for the foregoing purposes by way of a general offer to its shareholders purchase on a stock exchange or an off-market contract.

Transfer of shares

Shares may be transferred in accordance with the relevant laws and regulations.

A shareholder may transfer his/her shares on the stock exchange established in accordance with laws or by other means as stipulated by the State Council. Registered shares may be transferred after the shareholders endorse their signatures on the back of the share certificates or in any other manner specified by the applicable laws and regulations.

Shares held by a promoter of a Company may not be transferred within one year of the date of the Company's incorporation. Shares issued by a company prior to the public offering of its shares may not be transferred within one year from the listing date.

There is no restriction under the Company Law as to the percentage shareholding of a single shareholder in a Company.

Shareholders

Shareholders have such rights and obligations as set forth in the articles of association of a company. The articles of association of a Company are binding on each shareholder.

Under the Company Law and the Mandatory Provisions, the rights of a shareholder include:

(i) to attend in person or appoint a proxy to attend shareholders' general meetings, and to vote in respect to the number of shares held;

(ii) to transfer his or her shares in accordance with applicable Laws and Regulations and the articles of association of the Company;

(iii) to inspect the Company's articles of association, shareholders' registers, records of debentures, minutes of shareholders' general meetings, board resolutions, supervisors resolutions, financial and accounting reports and put forward proposals or raise questions about the business operations of the Company;

(iv) if a resolution adopted by a shareholders' general meeting or the board of directors violates any law or administrative regulations or infringes the lawful rights and interests of shareholders, to institute an action in the People's Court demanding that the illegal infringing action be stopped;

(v) to receive dividends in respect of the number of shares held;

(vi) to obtain surplus assets of the Company upon its termination in proportion to his or her shareholding;

(vii) to claim against other shareholders who abuse their shareholders' rights for the damages; and

(viii) any other shareholders' rights specified in the Company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription monies for the shares subscribed, to be liable for the Company's debts and liabilities to the extent of the amount of their proportion of the subscription monies; not to abuse the independent status of the Company as a legal person, and limited liability regarding claims for damages by the creditors of the Company and any other shareholders' obligations specified in the Company's articles of association.

Shareholder's general meetings

The shareholders' general meeting is the organ of authority of the Company, which exercises its powers in accordance with the Company Law.

The shareholders' general meeting exercises the following principal powers:

(i) decide on the Company's operational policies and investment plans;

(ii) elect or remove the directors and supervisors who are not representatives of the employees and decide on matters relating to the remuneration of directors and supervisors;

(iii) consider and approve reports of the board of directors;

(iv) consider and approve reports of the supervisory committee or the supervisors;

(v) consider and approve the Company's proposed annual financial budget and final accounts;

(vi) consider and approve the Company's proposals for profit distribution and recovery of losses;

(vii) decide on any increase or reduction in the Company's registered capital;

(viii) decide on the issue of bonds by the Company;

(ix) decide on issues such as merger, division, dissolution and liquidation of the Company;

(x) amend the articles of association of the Company; and

(xi) other powers specified in the articles of association of the Company.

A shareholders' general meeting is required to be held annually. An extraordinary shareholders' general meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number specified in the Company's articles of association;

(ii) the losses of the Company that are not made up reach one-third of the company's total paid up share capital;

(iii) a request by a shareholder that holds, or by shareholders that hold in aggregate, 10% or more of the Company's shares;

(iv) when deemed necessary by the board of directors;

(v) when the supervisory committee proposes convening a meeting; or

(vi) other matters required by the articles of association

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors.

Notice of the meeting stating the matter to be considered shall be given to all shareholders 20 days before the meeting under the Company Law and 45 days under the Special Regulations and the Mandatory Provisions. Under the Special Regulations and the Mandatory Provisions, shareholders wishing to attend are required to give to the Company written confirmation of their attendance 20 days prior to the meeting. Under the Special Regulations, at an annual general meeting of a Company, shareholders holding 5% or more of the voting rights in the company are entitled to propose to, in writing, new resolutions to be considered in that meeting, which if within the powers of a shareholders' general meeting are required to be added to the agenda of that meeting.

Shareholders present at a shareholders' general meeting have one vote for each share they hold, but the Company shall have no vote for any of its own shares that the company holds.

Resolutions proposed at the shareholders' general meeting must be adopted by more than half of the votes cast by shareholders present in person or by proxy at the meeting, with the exception of matters relating to the merger, division, dissolution, changes in registered capital, issue of bonds or debentures, change in the form of the Company or amendments to the articles of association, which must be adopted by more than two-thirds of the votes cast by shareholders present in person or by proxy at the meeting.

A shareholder may commission a proxy to attend shareholders' general meetings on his or her behalf by a power of attorney that includes in its scope the right to exercise voting rights.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. However, the Special Regulations and the

Mandatory Provisions provide that a Company's general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the Company have been received 20 days before the proposed date, or if that 50% level is not achieved, the Company shall within five days of the last day for receipt of the replies notify shareholders by public announcement of the matters to be considered at the meeting and its date and place. The general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of domestic invested shares and holders of overseas listed foreign invested shares are deemed to be different classes of shareholders for this purpose.

Directors

A company shall have a board of directors, which shall consist of five (5) to nineteen (19) members and may include staff representatives of the Company. Under the Company Law, each term of office of a director shall not exceed three years. A director may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. Notice of meetings shall be given to all directors and supervisors at least 10 days before the meeting. To convene a extraordinary meeting, the board of directors may provide for a different notice period and method of giving notice.

Under the Company Law, the board of directors exercises the following powers:

(i) to convene a shareholders' general meeting and disclose the outcome of the proceedings to the shareholders;

(ii) to implement resolutions of the shareholders' general meetings;

(iii) to decide on the Company's business plans and investment plans;

(iv) to formulate the Company's proposed annual financial budget and final accounts;

(v) to formulate the Company's proposals for profit distribution and recovery of losses;

(vi) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds;

(vii) to prepare plans for the merger, division or dissolution of the Company;

(viii) to decide on the Company's internal management structure;

(ix) to appoint or dismiss the Company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the Company and to decide on their remuneration;

(x) to formulate the Company's basic management system; and

(xi) any other power given under the articles.

In addition, the Mandatory Provisions provide that the board is also responsible for formulating the proposals for amendment of the articles of association of a Company.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors.

If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorisation to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which serious losses are sustained, the directors participating in the resolution are liable. However, if it can be proven that a director expressly objected during voting on the resolution, and that such objections were recorded in the minutes of the meeting, the aforementioned director may be relieved of that liability.

Under the Company Law, the following persons may not serve as a director of a Company:

(i) persons without civil capacity or with restricted civil capacity;

(ii) persons who have committed the offence of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to a criminal offense, where less than five years have elapsed since the date of the implementation of this deprivation;

(iii) persons who are former directors, factory managers or managers of a company or enterprise that has become bankrupt and been liquidated due to a mismanagement and who are personally liable for the bankruptcy of said company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) persons who were legal representatives of a company or enterprise that had its business licence revoked due to violation of the law and who are personally liable, where less than three years have elapsed since the date of the revocation of the business licence; or

(v) persons who have a relatively large amount of outstanding debt due.

Other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in Appendix VII to this prospectus).

The board of directors shall appoint a chairman, who is to be elected with the approval of more than half of all the directors. The chairman of the board of directors exercises, among others, the following powers:

(i) presides over shareholders' general meetings and convene and preside over meetings of the board of directors; and

(ii) check on the implementation of the resolutions of the board of directors;

The legal representative of a company, in accordance with the company's articles of association, may be the chairman, any executive director or the manager.

The Special Regulations provide that a Company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the Company and not use their position for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in Appendix VIII) contain further elaborations of such duties.

Supervisors

A Company shall have a supervisory committee composed of not less than three members. Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected.

The supervisory committee is made up of shareholders representatives and an appropriate proportion of the Company's staff representatives; the number of the Company's staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

The supervisory committee exercises the following powers:

(i) reviews the Company's financial position;

(ii) supervises the directors and managers in the performance of their duties and ascertains whether or not they have violated laws, regulations or the articles of association of the Company;

(iii) when the acts of a director or manager are harmful to the Company's interests, requires correction of these acts;

(iv) proposes the convening of extraordinary shareholders' general meeting; and

(v) other powers specified in the Company's articles of association.

Requirements in relation to the power of the supervisory committee under the New Company Law are as follows:

(i) to examine the Company's financial affairs;

(ii) to supervise the directors and senior management in the performance of their duties and to propose the removal of any director or senior management who violates the laws, regulations, articles of association or a shareholders' resolution;

(iii) to require any director or senior management who acts in a way harmful to the Company's interests to rectify that act;

(iv) to propose the convening of extraordinary shareholders' general meetings and, in the event that the board of directors fails to perform the duties of convening and presiding shareholders' meetings, to convene and preside over shareholders' meetings;

(v) to propose bills to shareholders' meetings;

(vi) to commence actions against any directors or senior management; and

(vii) other powers specified in the Company's articles of association.

The circumstances under which a person is disqualified from being a director of a Company described above apply mutates mutandis to supervisors of a Company.

The Special Regulations provide that a Company's directors and supervisors shall have fiduciary duties. They are required to faithfully perform their duties, protect the interest of the Company and not to use their position for their own benefit.

Managers and senior officers

A Company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

(i) be in charge of the production, operation and management of the Company and arrange for the implementation of resolutions of the board of directors;

(ii) arrange for the implementation of the Company's annual business and investment plans;

(iii) formulate plans for the establishment of the Company's internal management structure;

(iv) formulate the basic administration system of the Company;

(v) formulate the Company's internal rules;

(vi) recommend the appointment or dismissal of deputy managers and any financial controller and other administration officers (other than those required to be appointed or dismissed by the board of directors);

(vii) attend board meetings as a non-voting attendant; and

(viii) other powers conferred by the board of directors or the Company's articles of association.

The Special Regulations and the Mandatory Provisions provide that the rest of the senior management of a Company includes the financial controller, the secretary of the board of directors and other executives as specified in the articles of association of the Company.

The circumstances under which a person is disqualified from being a director of a Company described above apply mutatis mutandis to managers and officers of the Company.

The articles of association of a Company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the Company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the Company. The provisions of the Mandatory Provisions regarding the senior management of a Company have been incorporated in the Articles of Association (a summary of which is set out in Appendix VII to this prospectus).

Duties of directors, supervisors, managers and senior officers

The directors, supervisors, managers and other senior officers of a Company are required under the Company Law to comply with the relevant laws, regulations and the Company's articles of association, carry out their duties honestly and protect the interests of the Company. The Company's director, supervisor, manager and other senior officer of a Company are also under a duty of confidentiality to the Company and is prohibited from divulging secret information pertaining to the Company save as permitted by the relevant laws and regulations or by the shareholders.

A director, supervisor, manager and other senior officer who contravenes any law, regulation or the Company's articles of association in the performance of his duties resulting in any loss to the Company shall be personally liable to the Company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior officer of a Company owes fiduciary duties to the Company, is required to perform his duties faithfully, protect the interests of the Company and not make use of the position for their own benefit.

Finance and accounting

A Company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the responsible financial department of the State Council and at the end of each financial year shall prepare a financial report which shall be audited and verified as provided by law.

A Company shall deposit its financial statements at the Company for inspection by the shareholders at least 20 days before the convening of the annual general meetings. A Company established by the public subscription method must publish its financial statements.

The common reserve of a Company comprises the statutory surplus reserve, discretionary common reserve and the capital common reserve.

When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the Company's statutory reserve fund (except where the fund has reached 50% of the

Company's registered capital). After a Company has made an allocation to its statutory common reserve fund from its after-tax profit, subject to a resolution of the shareholders' meeting or the shareholders' general meeting, the Company may make an allocation to a discretionary common reserve fund.

When the Company's statutory reserve fund is not sufficient to make up for the Company's losses of the previous year, current year profits shall be used to make good the losses before allocations are set aside for the statutory surplus reserve fund.

After the Company has made good its losses and made allocations to its statutory surplus reserve fund, the remaining profits can be made available for distribution to shareholders in proportion to the number of shares held by the shareholders except as otherwise provided in the articles of association of such Company limited by shares.

The capital common reserve of a Company is made up of the premium over the nominal value of the shares of the Company on issue and other amounts required by the relevant governmental authority to be treated as the capital common reserve.

The common reserve of a Company shall be applied for the following purposes:

(i) to make up the Company's losses other than the capital common reserve;

(ii) to expand the business operations of the Company; and

(iii) to increase the registered capital of the Company by the issue of new shares to shareholders in proportion to their existing shareholdings in the Company or by increasing the par value of the shares currently held by the shareholders, provided that on converting the statutory surplus reserve into registered capital, the balance of the statutory surplus reserve (after the conversion) shall not be less than 25% of the registered capital of the Company.

Appointment and retirement of auditors

The Special Regulations require a Company to employ an independent PRC qualified accounting firm to audit the Company's annual report, in addition to reviewing and checking other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting until the close of the next annual general meeting.

If a Company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors, who are entitled to make representations before the shareholders in general meeting. The appointment, removal or non-reappointment of auditors shall be decided by the shareholders at shareholders' general meetings and shall be record filed with the CSRC.

Distribution of profits

The Articles of Association provide that the Company is restricted from distributing profits before accumulated losses have been made up and statutory common reserve funds have been drawn. The

Special Regulations provide that the dividends and other distributions to be paid to holders of overseas listed foreign invested shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

Amendments to articles of association

Any amendments to the Company's articles of association must be made in accordance with the procedures set forth therein. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the companies approval department authorized by the State Council and CSRC. In relation to matters involving the Company's registration, its registration with the Company's registration authority must also be changed.

Dissolution and liquidation

A Company may apply for a declaration of insolvency by reason of its inability to pay debts as they fall due. After the People's Court has made a declaration of the Company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the Company.

Under the Company Law, a Company shall be dissolved in any of the following events:

(i) the term of its operations set down in the Company's articles of association has expired or events of dissolution specified in the Company's articles of association have occurred;

(ii) the shareholders have resolved to dissolve the Company at a general meeting;

(iii) the Company is dissolved by reason of its merger or demerger;

(iv) the Company is subject to the revocation of its business licence, a closure order or dismissal in accordance with the law; or

(v) in the event that the Company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the Company may present a petition to the People's Court for its dissolution.

Where the Company is dissolved in the circumstances described in (i), (ii), (iv) and (v) above, a liquidation committee must be formed within 15 days from the date of dissolution. Members of the liquidation committee shall be appointed by the shareholders at a general meeting or be assumed by the directors.

If a liquidation committee is not established within the stipulated period, the Company's creditors can apply to the People's Court for its establishment.

The liquidation committee shall notify the Company's creditors within 10 days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall file his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice in the absence of any notification.

The liquidation committee shall exercise the following powers during the liquidation period:

(i) handle the Company's assets and to prepare a balance sheet and an inventory of the assets;

(ii) notify creditors or issue public notices;

(iii) deal with and settle any outstanding business of the Company;

(iv) pay any tax overdue;

(v) settle the Company's financial claims and liabilities;

(vi) handle the surplus assets of the Company after its debts have been paid off; and

(vii) represent the Company in civil lawsuits.

If the Company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees, labour insurance expenses, outstanding taxes due and debts of the Company. Any surplus assets shall be distributed to the shareholders of the Company in proportion to the number of shares held.

A Company shall not engage in operating activities unrelated to the liquidation.

If the liquidation committee becomes aware that the Company does not have sufficient assets to meet its liabilities, it must immediately apply to the People's Court for a declaration of bankruptcy. Following such a declaration, the liquidation committee shall hand over all affairs to the People's Court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the relevant supervisory department for verification. Thereafter, the report shall be submitted to the companies registration authority in order to cancel the Company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of the liquidation committee is liable to indemnify the Company and its creditors in respect of any loss arising from willful or material default.

Overseas listing

The shares of a Company shall only be listed overseas after obtaining approval from the securities regulatory authority of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a Company's plan to issue overseas listed foreign invested shares and domestic invested shares that has been approved by the Securities Commission may be implemented by the board of directors of a Company by way of separate issues within 15 months after approval is obtained from CSRC.

Loss of share certificates

A shareholder may apply, in accordance with the relevant provision set out in the PRC Civil Procedure Law, to a People's Court in the event that share certificates in registered form are either stolen or lost, for a declaration that the said certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the Company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in Appendix VII to this prospectus).

Suspension and termination of listing

The new and amended Company Law has deleted provisions governing suspension and termination of listing. The new Securities Law has been amended as follows:

The trading of shares of a Company on a stock exchange may be suspended if so decided by the securities administration department of the State Council (the new Securities Law has renamed this as the Securities Exchange) under one of the following circumstances:

(i) the registered capital or shareholding distribution no longer comply with the necessary requirements for a listed Company;

(ii) the Company failed to make public its financial position in accordance with the requirements or there is false information in the Company's financial report with the possibility of misleading investors;

(iii) the Company has committed a major breach of the law;

(iv) the Company has incurred losses for three consecutive years; or

(v) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the Securities Law, the relevant stock exchange shall have the right to terminate the listing of the shares of the Company in the following cases: in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange (as described in (i) above), or the Company has refused to rectify the situation in the case described in (ii) above, or the Company fails to become profitable in the next subsequent year in the case described in (iv) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the Company.

The Company Law provides that the securities administration department of the State Council may also terminate the listing of a Company's shares in the event that the Company resolves to cease operation or is so instructed by its government supervisory body, or the Company is declared bankrupt. In such an event, the Securities Law would regard this as "other circumstances as required by the listing rules of the relevant stock exchanges".

Merger and demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the Company that is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of our Shares and disclosure of information by us. In October 1992, the State Council established the CSRC. The CSRC is the regulatory authority and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis.

The *Securities Law* (中華人民共和國證券法) took effect on 1 July 1999 and was revised for the first time as of 28 August 2004 and the second time on 27 October 27 2005. It is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the Securities Law provides that the prior approval must be obtained from the State Council's regulatory authorities to list our Shares outside the PRC. Article 239 of the Securities Law provides that specific measures in respect of shares of companies in the PRC that are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The *Arbitration Law of the People's Republic of China* (中華人民共和國仲裁法) (the "**Arbitration Law**") was passed by the Standing Committee of the NPC on 31 August 1994 and became effective on 1 September 1995. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organisations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the *PRC Civil Procedure Law* (中華人民共和國民事訴訟法). Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in our Articles of Association and, in the case of the Hong Kong Listing Rules, also in contracts with each of our Directors and Supervisors. This clause requires that, to the effect that any disputes or claims arise between ourselves and holders of our H Shares; holders of our H Shares and our Directors, Supervisors, manager or other senior officers; or holders of our H Shares and holders of Domestic Shares, in respect of any disputes or claims in relation to our affairs or as a result of any rights or obligations arising under our Articles of Association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall comply with the arbitration. Disputes in respect of the definition of shareholders and disputes in relation to our register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules, or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of a PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the *Convention on the Recognition and Enforcement of Foreign Arbitral Awards* (the "**New York Convention**") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state that is a party to the New York Convention shall be recognised and enforced by other parties to the Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognise and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations. On 18 June 1999, an arrangement was made between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. This new arrangement was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council, and became effective on 1 February 2000. The arrangement is made in accordance with the spirit of the New York Convention. Under the arrangement, awards made by PRC arbitral authorities recognised under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in China.

FOREIGN EXCHANGE CONTROL

The foreign exchange control system is regulated by three sets of provisions. On 28 December 1993, the PBOC, with the authorisation of the State Council, issued the *Notice to Further Reform of the Foreign Exchange Control System* (中國人民銀行關於進一步改革外匯管理體制的公告), which became effective on 1 January 1994. Other main regulations and implementation measures include the *PRC Foreign Exchange Control Regulations* (中華人民共和國外匯管理條例), which became effective on 1 April 1996 and was promulgated by the State Council on 29 January 1996 and amended on 14 January 1997 and on 1 August 2008, and the *Regulations on the Foreign Exchange Settlement, Sale and Payments* (結匯、售匯及付匯管理規定), which were promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996 and which contain detailed provisions regulating the settlement, sale and payment of foreign exchange by domestic enterprises, individuals, economic organisations and social organisations in the PRC.

The PBOC publishes, on each business day, the Renminbi exchange rate against other major foreign currencies. The rate is set by reference to the previous days' trading price of Renminbi major foreign currencies on the inter-bank foreign exchange market. In general, the foreign exchange income under current items may be reserved or sold to financial institutions operating foreign exchange sales or settlement business, according to the relevant regulations. Before reserving the foreign exchange income under capital items, or selling it to any financial institution operating the foreign exchange sale or settlement business, approval from the relevant foreign exchange administrative organ must be obtained, unless it is otherwise provided by the State.

At present, the PRC Government is relaxing its control over foreign exchange. Enterprises that require foreign exchange for recurring activities such as trading and payment of staff remuneration may purchase foreign exchange from designated banks, subject to the production of relevant supporting documents.

In addition, where an enterprise requires foreign exchange for the payment of dividends, such as the distribution of profits by a foreign-invested enterprise to its foreign investor, then, subject to the due payment of taxes on such dividends, the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated banks. When the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated banks.

Despite the relaxation of foreign exchange control over current account transactions, the approval, or registration where appropriate, of the State Administration of Foreign Exchange or its local counterparty is still required before an enterprise may receive a foreign currency loan, provide a foreign exchange guarantee, make an investment outside the PRC or enter into any other capital account transaction that involves the purchase of foreign exchange.

When conducting foreign exchange transactions, the designated banks may, based on the exchange rate published by the PBOC and subject to certain limits, freely determine the applicable exchange rate.

SAFETY AND ENVIRONMENTAL PROTECTION RULES AND REGULATIONS

Workplace safety

According to the *Production Safety Law of the People's Republic of China* (中華人民共和國安全生產法) promulgated in June 2002, entities shall have effective workplace safety measures in place as stipulated in the law, administrative regulations, national standards and industrial standards. Any entity that fails to comply may not engage in those operations.

The capital investment necessary to install workplace safety measures shall be guaranteed by the decision-making organ and major persons-in-charge of the production and business operation entities or by the investors of the private enterprises.

The personnel for the for the implementation of effective workplace safety measures shall have appropriate knowledge and management capability to carry out the installation of such measures.

It is the duty of an enterprise to offer education and training programs on workplace safety to ensure that its employees have a sound knowledge of the relevant regulations and rules for safe production and the rules for safe operation and are equipped with the necessary for the safe performance of their duties. Employees that have not passed the education and training programs regarding production safety may not commence working.

When any entity employs any new techniques, new technologies, material or equipment, it must know and have a good understanding of the safety and technical features thereof, take effective safety measures and give the relevant safety education and training programs to the employees concerned.

Any safety facility of the newly built or rebuilt or expanded engineering projects of the production and business operation entities (hereinafter referred to as construction projects as a general term) shall be designed, built and put into production and use at the same time as the principal part of the project. The investment in safety facilities shall be incorporated into the budgetary estimates of the construction projects concerned.

The entities shall set up eye-catching install noticeable warning signs at locations and on facilities or equipment that may be hazardous.

The entities shall provide its employees with protective gear that satisfies the national standards or industrial standards and shall also provide the training necessary for its correct usage.

Environmental protection

The Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) (the "**Environmental Protection Law**"), promulgated in 1989, sets out the legal framework for environmental protection in the PRC. The Environmental Protection Law aims to protect and improve living conditions and the environment, prevent and control pollution and other public hazards and safeguard public health. The environmental protection administration under the State Council is responsible for the general supervision and management of environmental protection work throughout the PRC and for the establishment of national standards for the discharge of pollutants. The local environmental protection administrations at the county level or above are responsible for the environmental protection within their areas of administration.

Enterprises that produce pollutants or other public hazards are required to incorporate environmental protection elements into their business plans and establish a system of accountability in this regard. Effective measures should be implemented to prevent and control environmental pollution and hazards arising from pollutants such as exhaust gases, waste waters, waste residues, dusts, malodorous gases, radioactive substances, noise, vibration, electromagnetic radiation, etc generated in the course of industrial production, construction or other activities.

Enterprises that discharge pollutants must report to and register with the competent environmental protection administration under the State Council or the local people's government. Enterprises that discharge pollutants in excess of the prescribed national or local discharge standards will be required to pay a fee for excessive discharge, which fee will be determined in accordance with State regulations, and they will be responsible for eliminating and controlling the pollution.

The government may impose different types and levels of administrative sanctions on the entities or individuals in breach of the Environmental Protection Law, according to the extent and circumstances of the breach and the pollution. These sanctions include the issuance of warnings, fines, orders to take remedial actions within deadlines, orders for the suspension of operations, orders to reinstall and utilize the pollution control facilities dismantled or deactivated without prior approval, administrative sanctions on the persons in charge and orders to shut down the operations. The government may impose a fine in addition to the above administrative sanctions. Entities or individuals responsible for causing environmental damage will be liable for indemnifying those who have suffered loss as a result of the pollution. Serious breaches of the Environmental Protection Law resulting in serious environmental pollution may also lead to the imposition of criminal liability on the entities or individuals directly responsible for such breaches.

The *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* (中華人民共和國大氣污染防治法) (the "**Atmospheric Pollution Law**") was promulgated on 5 September 1987 and subsequently amended on 29 August 1995 and 29 April 2000. The Atmospheric Pollution Law provides for the prevention, control, treatment and management of atmospheric pollution for the purpose of preventing and controlling atmospheric pollution, protecting and improving living conditions and the environment, safeguarding public health and promoting the sustainable development of the economy and society. The environmental protection administrations of the local people's governments at the county level and above are responsible for the general supervision and management of the prevention and control of atmospheric pollution. The environmental protection administration under the State Council is responsible for establishing national standards for atmospheric environment quality and the discharge of atmospheric pollutants.

Construction, expansion and redevelopment projects that involve the discharge of atmospheric pollutants are governed by State environmental protection regulations for construction projects. Entities that cause the production of atmospheric pollutants must report to the local administrative department of environmental protection details of their existing discharge and treatment facilities for pollutants and the nature, quantities and concentrations of pollutants discharged under their normal operating conditions. They must also report relevant technical information concerning the prevention and control of atmospheric pollution. Such entities will be required to pay a discharge fee, which fee will be determined in accordance with the nature and quantities of their atmospheric pollutants. The concentration of such pollutants may not exceed the standards prescribed by the State and local authorities.

The environmental protection administrations will impose sanctions on entities in violation of the Atmospheric Pollution Law, according to the particular circumstances of the violation. These sanctions include the issuance of orders to stop the acts of violation, orders to make corrections within deadlines, warnings, fines, orders to remedy the violations within deadlines and orders for the suspension or cessation of operations. Any entity that has created an atmospheric pollution hazard will be held responsible for eliminating the hazard and indemnifying the entities or individuals that have suffered direct losses.

The Law of the People's Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法) (the "**Water Pollution Law**") was promulgated on 11 May 1984 and subsequently amended in May 1996 and in February 2008. The Water Pollution Law provides legal standards for the prevention and control of the pollution of rivers, lakes, canals, irrigation channels, reservoirs and other bodies of water above or below ground within China. The environmental protection administrations of the local people's governments at various levels are responsible for the general supervision and management of the prevention and control of water pollution. The environmental protection administrations under the State Council is responsible for establishing national standards for water quality and the discharge of water pollutants.

Construction, expansion and redevelopment projects and other installations on water that directly or indirectly discharge pollutants into waterways are subject to State environmental protection regulations for construction projects. Entities that discharge pollutants directly or indirectly into waterways should report to and register with the local environmental protection administrations details of their existing facilities for discharging and treating pollutants, the nature, quantities and concentrations of pollutants discharged under their normal operating conditions, together with technical information concerning the prevention and control of the water pollution. Business entities that discharge pollutants into waterways will be required to pay a pollutant discharge fee in accordance with relevant regulations. Where the discharge exceeds the stipulated limits, a fee for excess discharge will be collected according to relevant regulations.

The environmental protection administrations will impose sanctions on entities in violation of the Water Pollution Law, according to the particular circumstances of the violation. These sanctions include the issuance of warnings, fines and orders for the suspension or the cessation of operations. Entities that create water pollution are responsible for eliminating the hazard and indemnifying the entities or individuals that have suffered direct losses.

The Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) (the "**Solid Waste Pollution Law**") was enacted on 1 April 1996 and revised as of 29 December 2004. It is aimed at preventing and controlling environmental pollution by solid wastes within the PRC. In respect of the prevention and control of environmental pollution by solid wastes, the State implemented initiatives to reduce discharge and promote full utilization and non-hazardous disposal of solid wastes. The environmental protection administrations of the local people's governments at the county level or above are responsible for the general supervision and management of the prevention and control of environmental pollution by solid waste within their areas of administration.

Construction projects that discharge solid wastes and projects for the storage and disposal of solid waste are subject to State environmental protection regulations. Entities and individuals that cause the production of solid wastes should adopt measures to prevent or reduce such discharge and the environmental pollution it causes. Entities and individuals that collect, store, transport, utilize or dispose solid waste must take measures to prevent the scattering, running off, leaking and seeping of solid wastes, as well as other measures against environmental pollution.

The environmental protection administrations will impose sanctions on entities in violation of the Solid Waste Pollution Law, according to the particular circumstances of the violation. These sanctions include the issuance of orders to make corrections within deadlines, fines, revocation of the operating licence and orders for the suspension or cessation of operations. Any entity or individual who has suffered loss from pollution in the form of solid wastes is entitled to make a claim for losses in accordance with the relevant laws.

THE LEGAL SYSTEM OF THE REAL ESTATE OF THE PRC

All land in the PRC is either State-owned or collectively owned, depending on its location. All land in the urban areas of a city or town is State-owned, and all land in the rural areas of a city or town and all rural land are, unless otherwise specified by law, collectively owned. The state has the right to reclaim land in accordance with law if required for the benefit of the public. Although all land in the PRC is owned by the state or by collectives, private individuals and businesses and other organisations are permitted to hold, lease and develop land for which they are granted land use rights.

Real estate development

Foreign investment in real estate development

Under the *Foreign Investment Industrial Guidance Catalogue* (外商投資產業指導目錄) promulgated jointly by the Ministry of Commerce and the NDRC in October 2007 that came into effect on 1 December 2007, the development of whole land lots, the construction and operation of high-end hotels, villas, premium office buildings, international conference centres and large theme parks, and transactions in the real estate secondary market and real estate intermediary or broker companies fall within the category of industries in which foreign investment is subject to restrictions. Other real estate developments, however, fall within the category of industries in which foreign investment is permitted.

According to the *Interim Provisions on Approving Foreign Investment Project* (外商投資項目核准暫行管理辦法) promulgated by the NDRC in October 2004, NDRC shall examine and approve foreign investment projects with total investment of US$100 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US$50 million or more within the category of industries in which foreign investment is subject to restrictions as classified in the *Foreign Investment Industrial Guidance Catalogue*. Foreign investment projects with a total investment of US$500 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US$100 million or more within the category of industries in which foreign investment is subject to restrictions as classified in the Foreign Investment Industrial Guidance Catalogue are subject to further approval of the State Council based on the examination and approval of the NDRC.

A foreign investor intending to engage in the development and sale of real estate may establish a wholly foreign-owned enterprise, joint venture or cooperative venture in accordance with the *Law of the People's Republic of China Concerning Enterprises with Sole Foreign Investments* (中華人民共和國外資企業法) issued by the Standing Committee of the National People's Congress on 12 April 1986 and revised in October 2000, the *Law of the People's Republic of China on Sino-Foreign Joint Ventures* (中華人民共和國中外合資經營企業法) issued by the National People's Congress on 8 July 1979 and revised in March 2001 or the L*aw of the People's Republic of China on Sino-Foreign Cooperative Ventures* (中華人民共和國中外合作經營企業法) issued by the Standing Committee of the National People's Congress on 13 April 1988 and revised in October 2000.

The Ministry Of Commerce together with five other ministries and commissions, has issued a new regulation called the *Opinions on Regulating Entry and Administration of Foreign Investment in Real Estate Market* (建設部、商務部、國家發展和改革委員會等關於規範房地產市場外資准入和管理的意見) (the "**Opinions**") on 11 July 2006. The Opinions set out new requirements and restriction on foreign investment in the real estate market and purchase of real estate properties in China by foreign institutions or individuals. The entry and administration of the foreign capital in real estate market must comply with the following requirements:

(i) To develop or operate real estate in China, the foreign investor must establish a foreign investment real estate enterprise in China with a scope of business approved by the PRC authority ("**Real Estate FIE**") and the registered capital of the Real Estate FIE shall not be less than 50% of its total investment amount if the total investment amount is more than US$10 million.

(ii) Transfer of shares and project of a Real Estate FIE and acquisition of domestic real estate enterprises by foreign investors shall be examined and approved by the Ministry of Commerce and other authorities strictly in accordance with the relevant laws, regulations and policies. The foreign investors shall produce letters guaranteeing performance of the land grant contract, planning permit for land for construction, planning permit for construction projects, construction permit, land use rights certificate, documents evidencing the filing of the changes with construction (real estate) authorities and documents issued by the tax authorities evidencing payment of taxes.

(iii) When acquiring a domestic real estate enterprise through share transfer and other methods or acquiring the shares of the Chinese party in an equity joint venture enterprise, the foreign investor must properly settle the employees, deal with the bank facilities and make a lump sum payment of the transfer price using its own capital.

(iv) Foreign investors that have invested in real estate properties without receipt of an approval certificate and a business licence shall not carry out activities of real estate development and operation.

(v) A Real Estate FIE that has not received full payment of its registered capital and has not obtained the land use rights certificate or whose project development capital has not reached 35% of the total project investment shall not be permitted to process domestic and foreign loans. Foreign exchange authority shall not approve conversion of foreign borrowings of such enterprises.

(vi) Foreign exchange authorities shall examine and approve the inflow and conversion of the capital to be used for purchase of properties by Real Estate FIEs and foreign institutions or individuals strictly in accordance with the requirements of the relevant regulations. Foreign capital that satisfies the requirements will be allowed to be remitted into China and converted into RMB. RMB received from transfer of the relevant properties will be allowed to be converted through purchase of foreign currency and be remitted out of China after confirmation of compliance with the relevant laws and regulations and payment of taxes.

Real estate developer

According to the *Urban Real Estate Law* (中華人民共和國城市房地產管理法), a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the *Regulations on Administration of Urban Real Estate Development* (城市房地產開發經營管理條例) issued by the State Council on 20 July 1998, in addition to requirements on establishing enterprises, an enterprise which is to engage in development of real estate must satisfy the following requirements: (1) its registered capital shall be RMB1 million or more; and (2) it must have four or more professional real estate/ construction technicians and two or more accounting officers, each of whom shall hold the relevant qualification certificate. The local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer should apply for registration with the SAIC on or above the county level. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority, within 30 days of the receipt of its business licence. Under the Regulations on Administration of Urban Real Estate Development (城市房地產開發經營管理條例), the real estate development authority shall examine the class of the qualifications for registration of a real estate developer when it reports its establishment, by considering its assets, professional personnel and business results. A real estate developer shall only undertake real estate development projects in compliance with the approved qualification registration.

In accordance with the Provisions on Administration of Qualifications (房地產開發企業資質管理規定) ("**Provisions on Administration of Qualifications**"), real estate developers are classified into four classes. The approval system is tiered, so that confirmation of Class 1 qualifications shall be subject to preliminary examination by the construction authority under the People's government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of Class 2 or lower qualifications shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority.

After a newly established real estate developer reports its establishment to the real estate development authority, the latter shall issue a *Provisional Qualification Certificate* to the eligible developer within 30 days of its receipt of the above report. The validity period of the Provisional Qualification Certificate is one year. The real estate development authority may extend the period according to the developer's specific operating circumstances, but the extension shall not exceed two years and the extension may not be approved if there is no development project within one year of receipt of the Provisional Qualification Certificate. The real estate developer shall apply for a *Qualification Certificate for Real Estate Development Enterprise* (the "**Qualification Certificate**") issued by the real estate development authority within one month before expiry of the Provisional Qualification Certificate.

In accordance with *the Provisions on Administration of Qualifications* (房地產開發企業資質管理規定) ("**Provisions on Administration of Qualifications**") promulgated by the Ministry Of Construction on 29 March 2000, a real estate developer shall apply for a Qualification Certificate and an enterprise may not engage in development and sale of real estate without a Qualification Certificate. The construction authority under the State Council oversees the qualifications of real estate developers throughout the country, and the real estate development authority under a local government on or above the county level shall oversee the qualifications of local real estate developers.

A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification. A Class 1 real estate developer is not restricted as to the scale of real estate project to be developed and may undertake a real estate development project anywhere in the country. A real estate developer of Class 2 or lower may undertake a project with a planned GFA of less than 250,000 sq.m. and the specific scope of business shall be as confirmed by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government.

Land for real estate development

According to the *Land Law* (中華人民共和國土地管理法) and *the Regulations for the Implementation of the Law of the People's Republic of China on Land Administration* (中華人民共和國土地管理法實施條例) promulgated by the State Council in December 1998, the State regulates and controls the usage of land, the land register and record system and the land certificate the issuance of system. In the case of approved construction projects that involve the use of State-owned land, the construction entity should first apply to those county level or higher land administration authorities that have the authority to approve the construction land use and hand in the documents that prescribed in the relevant laws. After examination by the land administration authorities, the application must be delivered to and approved by the same level of government. When the occupation of land for construction purposes involves the conversion of agricultural land, this process also requires the examination and above approval procedures.

The Urban Real Estate Law provides that, except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council, land for property development shall be obtained by grant.

The Urban Real Estate Law expressly provides: "Grant of land use right may be by public auction or competitive bidding or by a mutual agreement between both parties. Land for commercial use, tourism, entertainment and construction of luxury flats shall be sold by public auction or tender wherever it is feasible, and may be sold by mutual agreement if sale by public auction or competitive bidding is not feasible". On 30 April 2001, the State Council promulgated a *Notice on Strengthening the Administration of State-owned Land* (國務院關於加強國有土地資產管理的通知) (**"Notice"**), which stipulates that land use rights shall as far as possible be sold by public auction or tender. The Notice further stipulates: "The supply of State-owned land shall be made known to the public unless State security or confidentiality requirements are involved. If, after a supply schedule of land for commercial development and other uses is announced, there are two or more prospective investors who intend to develop the same land parcel, the relevant land parcel shall be made available to the market by the government at the municipal or county levels through tender or public auction. The tender and public auction of State-owned land use rights shall be conducted openly".

The *Rules Regarding the Grant of State-owned Construction Land Use Rights by Way of Tender, Auction or Listing-for-sale* (招標拍賣掛牌出讓國有土地使用權規範(試行)) stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with the grant of land use rights by competitive bidding and public auction. Pursuant to the Rules Regarding the Grant of State-owned Construction Land Use Rights by Way of Tender, Auction or Listing-for-sale, land for industrial use, commercial use, tourism, entertainment and commodity housing development as well as a parcel of land that has two or more prospective purchasers shall be assigned by competitive bidding, public auction or listing for sale. Under the aforementioned regulations, the grantor shall prepare the documents for public auction, competitive bidding or listing for sale and shall make an announcement 20 days prior to the day of public auction, competitive bidding or listing for sale to announce the basic particulars of the land parcel and the time and venue. The grantor shall conduct a qualification verification of the applicants for public auction, competitive bidding or listing for sale, accept open public bidding to determine the winning tender, or hold an auction to ascertain a winning bidder. The grantor and the winning tender or winning bidder shall then enter into a confirmation, and the grantor and the winning tender or winning bidder shall then enter into a land grant contract.

The real estate development should be in accordance with the provisions of the land grant contract on the usage of the land and commencement date of the project. When a project does not commenced within one year from the date of commencement stipulated in the land grant contract, idle land fees of not more than 20% of the land premium may be imposed on the developer. If the delay is more than two years, the land use right may be forfeited by the government without any refund.

On 3 January 2008, the State Council promulgated the *Circular on Conservation of Intensive Land Use* (Guo Fa (2008) No. 3) (國務院關於促進節約集約用地的通知(國發〔2008〕3號)), as summarised below:

(i) Examine and adjust all ranges of sites planning and land use standards in line with the principle of conservation of intensive land use. Construction project designs, construction and approval of construction land shall all be subject to stringent land use standards.

(ii) Urge all localities to enforce disposal policy of idle land. Where a piece of land has been idle for two full years and shall be retrieved unconditionally as statutorily required, such land shall be retrieved and arranged for re-use; where a piece of land has been idle for one year but less than two years, a sum of land idle charge shall be levied at 20% of the land premium. Additional surcharge in relation to idle land, in particular real estate idle land, shall be collected.

(iii) Vigorously guide the use of unused and abandoned land and encourage the development and utilization of overground and underground space.

(iv) Strictly implement the tender, auction and listing-for-sale regime for land intended for industrial and business purposes, intensify land contractual administration. Where the total of land premium is not paid in full in compliance with contractual agreement, land use certificate shall not issued, nor shall land use certificate be issued in proportion to the ratio between the paid-up land premium and the total of land premium. Make reasonable arrangements on residential land and persist on banning land supply for real estate development projects for villa building. Strictly prohibit unauthorized conversion of agricultural land into construction land.

(v) Strengthen supervision and inspection; thoroughly implement intensive land use conservation accountabilities. Regarding enterprises whose real estate project commences at a date exceeding one year as compared with the project commencement date under the land grant contract, or whose land development area takes up less than one-third or whose investment is less than one-quarter, financial institutions shall be prudent in terms of loans granting and financing approval and shall not grant loans or offer listing financing to projects involving illegal land use.

Acquisition of land

The Urban Real Estate Law and the Regulation on Administration of Urban Real Estate Development provide that, except for land use rights which may be obtained through allocation pursuant to PRC laws or the stipulations of the State Council, land use rights for a site intended for real estate development shall be obtained through grant.

Under the I*nterim Regulations on Grant and Transfer of the Urban State Owned Land Use Rights* (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例), a system of grant and transfer of the right to use State-owned land is adopted. A land user shall pay land premium to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use right within the term of use. Under the *Interim Regulations on Grant and Transfer of the Urban State Owned Land Use Rights* and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into a land grant contract with the land user to provide for the grant of land use right. The land user shall pay the land premium as provided by the land grant contract. After payment in full of the land premium, the land user shall register with the land administration authority and obtain a land use right certificate which evidences the acquisition of land use rights.

Prior to the acquisition of land use rights, a real estate developer may carry out a feasibility study for a proposed construction project on the land to be acquired. When carrying out the feasibility study for a proposed construction project, a construction entity shall make a preliminary application for construction on the relevant site to the land administration authority of the same level as the project approval authority, in accordance with the *Measures for Administration of Examination and Approval for Construction Sites* (建設用地審查報批管理辦法) and the *Measures for Administration of Preliminary Examination of Construction Project Sites* (建設項目用地預審管理辦法) promulgated by the Ministry of Land and Resources in March 1999 and in July 2001 respectively and which were amended in October 2004. After receiving the preliminary application, the land administration authority shall carry out preliminary approval of various matters relating to the proposed construction project in compliance with the overall zoning plans and land supply policy of the State, and shall then issue a preliminary approval report in respect of the project site. The preliminary approval report is the requisite document of approval for the proposed construction project. The land administration authority under the people's government of the relevant city or county may then enter into a land grant contract with the land user and issue an *Approval for Construction Site* to the construction entity.

Project Planning and Pre-construction

The Regulations on Administration of Urban Real Estate Development provide that a real estate development project may be carried out having regard to the overall land use plan, annual construction land schedule, applicable municipal zoning plan and the annual property development scheme. Those projects which should be approved by the planning control authorities in accordance with the relevant rules should also be reported and approved by the planning control authorities and brought into the annual planning of the investment in fixed assets. Under the *State Council's Notice on Stringent Control Over High Class Real Estate Development Projects* (國務院關於嚴格控制高檔房地產開發項目的通知) issued by the State Council in May 1995, for a high class real estate project with a gross area of more than 100,000 sq.m. or totals investment of more than RMB200 million or a foreign invested high class real estate project with total investment of US$30 million or more, the project proposal and commencement of works shall be subject to approval by the State Development Planning Commission (now known as NDRC). For a high class real estate project with a gross area of more than 20,000 sq.m. but less than 100,000 sq.m. or total investment of more than RMB30 million but less than RMB200 million, the project proposal and commencement of works shall be subject to approval by the Development Planning Commission of the relevant province, autonomous region, municipality directly under the central government or separate-planning city and then a report to the State Development Planning Commission. A high class real estate project with foreign investment of more than US$100 million is subject to approval by the State Council based on the recommendation of the State Development Planning Commission.

Under the *Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land* (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction in December 1992, the grantee to a land grant contract (i.e., a real estate developer), shall legally apply for a planning permit for land for construction (from the municipal planning authority with the land grant contract.

After obtaining a planning permit for land for construction, a real estate developer shall organise the necessary survey, planning and design work having regard to planning and design requirements. For the planning and design proposal in respect of a real estate development project, the relevant report and approval procedures required by the *Law of the People's Republic of China on Municipal and Rural Planning* (中華人民共和國城鄉規劃法), promulgated by the Standing Committee of the National

People's Congress in October 2007, and local statutes on municipal planning must be followed and a planning permit for land for construction must be obtained from the municipal planning authority.

In accordance with the Regulations for the *Administration of Demolition and Removal of Urban Housing* (城市房屋拆遷管理條例), which were promulgated by the State Council on 13 June 2001, upon obtaining approvals for a construction project, planning permit for land for construction and approvals for land use rights, demolition and relocation plan and proof issued by a financial institution handling deposit business relating to the demolition and relocation compensations, a real estate development organisation may apply to the municipal, or county people's government where the real estate is located (i.e. the administration bureau of State-owned land resources and housing of the relevant city, district on county) for a *Property Demolition and Removal Permit*. Upon granting an approval and the issuance of a Property Demolition and Removal Permit, the real estate administration department shall issue a demolition and removal notice to the inhabitants of the area to be demolished. The demolition and removal party shall implement the demolition and removal within the area and period specified in the Property Demolition and Removal Permit. If the demolition and removal party fails to complete the demolition and removal works within the permitted period, it shall, within 15 days prior to the expiry of the Property Demolition and Removal Permit, apply to the original approval department in charge of demolition and removal for an extension.

Construction

After a real estate developer has obtained the planning permit for land for construction and the planning permit for construction projects, the site is ready for the commencement of construction works. On the basis that the progress of demolition and relocation of existing buildings complies with the relevant requirements and funds for construction are available, the real estate developer shall apply for a construction permit from the construction authority under the local people's government above the county level in accordance with the *Measures for Administration of Granting Permission for Commencement of Construction Works* (建築工程施工許可管理辦法) promulgated by the Ministry of Construction in October 1999 and as amended in July 2001.

Pre-sales and sales

Under the *Measures for Administration of Sale of Commodity Buildings* (商品房銷售管理辦法) promulgated by the Ministry of Construction in April 2001, sale of commodity buildings can include both post-completion and pre-completion sales. Commodity buildings may be put to post-completion sale only when the post-conditions for such sale have been satisfied. Before the post-completion sale of a commodity building, a real estate developer shall submit the Real Estate Development Project Manual and other documents evidencing the satisfaction of pre-conditions for a post-completion sale to the real estate development authority for its record.

Any pre-completion sale of commodity buildings shall be conducted in accordance with the *Measures for Administration of Pre-completion Sale of Commodity Buildings* (城市商品房預售管理辦法) ("**Pre-completion Sale Measures**") promulgated by the Ministry Of Construction in November 1994 and amended in July 2004 and the Regulations on Administration of Urban Real Estate Development. According to the Regulations on Administration of Urban Real Estate Development and the Pre-completion Sale Measures, a permit shall be obtained before a commodity building may be put to pre-completion sale. A developer intending to sell a commodity building before its completion shall make the necessary pre-completion sale registration with the real estate development authority of the relevant city or county to obtain a *Permit for Pre-completion Sale of Commodity Buildings* (the "**Pre-sale Permit**"). A commodity building may only be sold before completion provided that: (1) the land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained; (2) a planning permit for construction permit and a construction permit have been obtained; and (3) the funds invested in the development of the commodity buildings put to pre-completion sale represent 25% or more of the total investment in the project and the progress of construction works and the completion and delivery dates have been ascertained. In addition, there are local regulatory requirements prior to issuance of the pre-sale permit. For example, (i) in Guangdong province, for commodity properties of seven storeys or less, the construction of the structure of the building must be completed with the sealing of the top floor; for commodity properties of more than seven storeys, two-thirds of the construction of the structure of the building must be completed; (ii) in Shanxi, there should be completion of one-third of the building framework, (iii) in Beijing, the development projects should reach 25% or more of the total investment for project construction; and (iv) in Wuhan, there should be completion of the main structure of two-thirds of the floors for "multi-level" buildings and half of the floors for "medium rise" and "high rise" buildings. Pre-completion sale of commodity buildings can only be carried out after the pre-sale permit has been obtained.

Under the Pre-completion Sale Measures and Urban Real Estate Law, the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

Completion

Pursuant to the *Regulations on Administration of Urban Real Estate Development* and *the Interim Measures for the Administration of the Completion and Inspection Filing of Building Construction Work and the Municipal Infrastructure Facilities* (房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法) promulgated by the Ministry Of Construction in April 2000 and the *Interim Provisions on Completion and Inspection of Buildings and Municipal Infrastructure Facilities Work* (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by the Ministry Of Construction in June 2000, after the completion of the real estate development project, the real estate developer should apply for the project completion and inspection to the county level or higher local real estate administration authorities. A real estate development project may only be delivered to the buyer after passing the necessary completion inspection, and may not be delivered before the necessary completion inspection has been conducted and passed. For residential housing or other building complex project, a comprehensive completion inspection shall be conducted upon completion of the whole project and where such a project was developed in phases, a completion inspection may be carried out for each completed phase. The real estate developer should register the project completion inspection and acceptance within 15 days of passing the completion inspection.

Pursuant to the *Urban Real Estate Law*, the ownership of the properties and the relevant land use right should be transferred simultaneously. In the event that the purchasers acquire the property ownership certificates, the real estate development enterprises are no longer entitled to the relevant land use right.

Mortgages of real estate

Under the *PRC Property Law* (中華人民共和國物權法) promulgated on 9 May 1997 and effective as of 1 October 2007, when a mortgage is created on the ownership of a building legally obtained, a mortgage shall be simultaneously created on the land use right of the land on which the building is situated. In the event that a mortgage is created on the ownership of the buildings and the land use right attached, or when a mortgage is created with the land contracting rights or the buildings under construction, such a mortgage shall be registered and takes effect from the registration. Pursuant to the Urban Real Estate Law and the *Administrative Measures on Mortgages on Urban Real Estate* (城市房地產抵押管理辦法), issued by the Ministry of Construction on 9 May 1997 and amended in August 2001, if a mortgage is created on the real estate in respect of which a *Building Ownership Certificate* has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original Building Ownership Certificate and then issue a *Certificate of Third Party Rights to a Building* to the mortgagee. If a mortgage is created on a commodity building put to pre-completion sale or on works in progress, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the rights and ownership to the real estate.

Restrictions on the grant of residential development loans and individual property purchase loans by banks

According to the *Notice of the PBOC on Regulating Residential Property Financing Business* (中國人民銀行關於規範住房金融業務的通知) promulgated by the PBOC in June 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial flat loans:

(i) Housing development loans from banks shall only be granted to real estate development enterprises with adequate development assets and higher credit ratings. Such loans shall be offered to residential projects with good market potential. The project itself must have been issued with a land use rights certificate, planning permit for land for construction, planning permit for construction projects and construction permit.

(ii) In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the security (the "**Mortgage Ratio**") shall never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-sale property, the said property must have achieved the stage of "topping-out of the main structure completed" for multi-storey buildings and "two-thirds of the total investment completed" for high-rise buildings.

(iii) In respect of the grant of individual commercial flat loans, the Mortgage Ratio under the application for commercial flat loans shall not exceed 60% with a maximum loan period of 10 years and the subject commercial flat already completed.

The People's Bank of China (ASSIST) issued the *Circular on Further Strengthening the Management of Loans for Property Business* (中國人民銀行關於進一步加強房地產信貸業務管理的通知) in June 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity houses as follows:

(i) Property development loans should be granted to property developers who are qualified for property development, rank high in credibility and have no overdue payment for construction. For property developers holding commodity houses with a high vacancy rate and debt ratio, strict approval procedures shall be applied to any new property development loans and their activities shall be closely monitored.

(ii) Commercial banks shall not grant loans to property developers to pay off land premium.

(iii) Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the first installment remains to be 20%. In respect of his loan application for additional purchase of residential unit(s), the percentage of the first installment shall be increased.

(iv) When a borrower applies for a mortgage loan on an individual commodity house, the Mortgage Ratio shall not be more than 60%. In addition, the term of loan may not be more than 10 years and the commodity house shall be duly completed and inspected.

In the *Circular on Facilitating the Continuously Healthy Development of Property Market* (國務院關於促進房地產市場持續健康發展的通知) issued by the State Council in August 2003, a series of measures are set out to allow the government to better regulate the property market. They include, but are not limited to, strengthening the construction and management of affordable housing, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. The government also introduced a series of measures for housing development loans. They include, but are not limited to, increasing the provision of loans, improving the guarantee mechanism of individual home loans and strengthening the monitoring of property loans. It is expected that the circular will have positive effect on the development of the PRC property market in the long run by facilitating its continuous growth and expansion.

On 27 September 2007, PBOC and CBRC issued the *Notice on Strengthening the Management of Commercial Real Estate Credit and Loans* (中國人民銀行、中國銀行業監督管理委員會關於加強商業性房地產信貸管理的通知) (the "**Notice**"). The Notice puts forward requirements on the titled subject matter, for the purposes of strengthening loan management in association with (i) real estate development, (ii) land reserve, (iii) housing consumption and (iv) purchase of commercial buildings, together with credit enquiries in real estate credit management, monitoring of real estate loan, risk management and so forth.

Pursuant to the Notice, commercial banks shall not grant loans in any form to: (i) project where its capital fund (owner's equity) constitutes a ratio of less than 35% or project without a land use right certificate, planning permit for land for construction, planning permit for construction projects and construction permit. to (ii) real estate development enterprise that have been hoarding land and housing resources, as detected and verified by land resources departments and construction authorities. In addition, commercial banks are not allowed to either accept commercial buildings (buildings other than the economically affordable housing, low-rent housing, reasonably priced housing and other housing with social security purpose) with a vacancy exceeding three years as collateral, or grants to a real estate development enterprise of any sums of loans to serve as land premium.

In respect of loan for individual commercial housing consumption, commercial banks are only allowed to grant housing loans to individuals whose purchases are commodity buildings with topped-off main structures. Where an individual purchases the first set of commodity apartment for residential purpose, if the construction area is below 90 sq.m, the initial payment ratio (the "**Initial Ratio**") shall be fixed at no less than 20% (including RMB and foreign currency loans, idem. hereinafter). If a construction area is above 90 sq.m, the Initial Ratio shall be fixed at no less than 30%. When an individual has purchased a commodity apartment by means of such a loan, and then proceeds to purchase a second such apartment or further apartments, the Initial Ratio shall be no less than 40% and the interest rate shall not be below 110% of the benchmark interest rate as announced by the PBOC during the same period and in the same bracket. Moreover, the Initial Ratio and the interest rate shall both multiply substantially with each successive apartment purchased and the percentage increase shall be determined at the discretion by commercial banks according to the principles of loan risk management. However, monthly repayments of the housing loan, shall not exceed 50% of the individual borrower's monthly income.

In respect of commercial building loan, such buildings purchased shall have satisfied procedural requirements of completion inspection and acceptance. The Initial Ratio shall be no less than 50%, the loan term shall not exceed ten (10) years and the interest rate shall not be below 110% of the benchmark interest rate as announced by the PBOC during the same period and in the same bracket, while the Initial Ratio, the loan term and the interest rate shall be determined at the discretion of commercial banks according to principles of loan risk management. Where a loan application is made in the name of "commercial and residential building", the Initial Ratio shall be no less than 45%; the loan term and the interest rate shall be arranged according to the relevant regulations on loan management of commercial building.

The *Supplemental Notice on Strengthening the Management of Commercial Real Estate Credit and Loans* (中國人民銀行、中國銀行業監督管理委員會關於加強商業性房地產信貸管理的補充通知) (the "**Supplemental Notice**") as issued jointly by PBOC and CBRC dated 5 December 2007 sets forth supplemental requirements in respect of strengthening housing consumption loan management, mainly including the following,

(i) access number(s) of housing loan with the borrower's family as the basic calculation unit;

(ii) stipulate conditions under which the housing loan policy on the first set of the commodity building shall serve as the referential basis for a family purchasing its first set of residential commodity apartment by bank loan; and

(iii) when a family that has already purchased a commodity apartment via a housing provident fund makes a housing-loan application to commercial banks, procedures shall be duly satisfied in accordance with the Notice.

Meanwhile, as stipulated in the Supplemental Notice, in the event an applicant is found to have provided false information and certification thereon, all commercial banks shall deem the loan application invalid.

Pursuant to the *Notice of the People's Bank of China and China Banking Regulatory Commission on Issuing the Administrative Measures for Low-rent House Construction Loans* (中國人民銀行、中國銀行業監督管理委員會關於印發〈廉租住房建設貸款管理辦法〉的通知), promulgated by the PBOC and CBRC on 3 December 2008, the lending rate for real estate developers of low-rent housing was lowered to 90% of the bench mark lending rate. The term of such a loan shall be no more than 5 years.

Real estate management

Pursuant to the *Regulations on Property Management* (物業管理條例) promulgated by the State Council in June 2003 revised on 26 August 2007 and implemented on 1 October 2007 and the *Regulation on Administration of Property Management Enterprise Qualification* (物業管理企業資質管理辦法) promulgated by the Ministry Of Construction in March, 2004, a real estate management enterprise shall apply for assessment of qualifications by the qualification approval authority. An enterprise which passes such a qualification assessment will be issued a Qualification Certificate evidencing the qualification classification by the authority. No enterprise may engage in real estate management without undertaking a qualification assessment conducted by the authority and then obtaining a Qualification Certificate.

HONG KONG LEGAL AND REGULATORY PROVISIONS

Hong Kong company law and its comparison with the PRC law applicable to a joint stock limited company incorporated under the Company Law

Hong Kong company law is primarily set out in the Companies Ordinance and supplemented by common law. There are material differences between Hong Kong company law and the PRC law applicable to a joint stock limited company incorporated under the Company Law, to which the Company is and will be subject, particularly in the area of investor protection. Certain of the material differences between the Company Law and Hong Kong company law are summarised below. This summary, however, is not intended to be an exhaustive comparison. It should also be noted that the summary relates only to joint stock limited companies incorporated under the Company Law.

Derivative action by minority shareholders

Hong Kong law allows minority shareholders to start a derivative action on behalf of the general body of shareholders in cases where, for example, one or more of the directors are in breach of duty and where their actions are shielded by the majority shareholders. The PRC Civil Procedure Law does not provide for such a procedure.

Although the Company Law gives (a) shareholder(s) of a company the right to initiate proceedings in the People's Court to restrain any resolution adopted by shareholders in general meeting or at a meeting of the board of directors which is in violation of any law or infringes the lawful rights and interests of the shareholder(s), there is no form of proceedings which is the same as a derivative action under the Company Law.

However, each of the Directors and Supervisors (as required by the Listing Rules) has given a written undertaking to the Company (acting as agent for each shareholder) to observe and comply with his obligations to shareholders stipulated in the Articles of Association. This may allow minority shareholders to commence actions directly against defaulting Directors.

Remedies of the Company

Under the Company Law, if a director, supervisor or manager in carrying out his duties infringes any law or administrative regulation or the articles of association of a company, resulting in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, in compliance with the Listing Rules and the Mandatory Provisions, the Articles of Association set out remedies of the Company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits made by a Director, Supervisor or officer).

Directors, officers and supervisors

The Company Law provides for the disqualification of directors, supervisors and managers in circumstances where they enter into business contracts with the Company, and for prohibitions of certain unauthorised benefits, but contain no provision restricting the authority of the directors to make major dispositions or prohibiting payment to them for loss of office without shareholders' approval. However, the Mandatory Provisions contain certain restrictions on major dispositions and specify the circumstances under which a director may receive compensation for loss of office, all of which provisions have been incorporated in the Articles of Association, a summary of which is set out in this Appendix.

Under Hong Kong company law, there is no concept of a supervisory committee for a company in addition to its board of directors, but a PRC joint stock limited company must have supervisors whose main duties include ensuring compliance with laws and regulations, and the articles of association of the company, by its directors and managers. Each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Minority protection

There is no specific provision in the Company Law to guard against oppression by the majority shareholders of minority shareholders but the Company, as required by the Mandatory Provisions and the Listing Rules, has adopted in the Articles of Association minority protection provisions similar to (though not as comprehensive as) those available under Hong Kong law, to the effect that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of other shareholders to achieve certain objectives.

Receiving agent

Under both PRC and Hong Kong law, dividends once declared become debts payable to shareholders, but the limitation of action period is two years in the PRC as opposed to six years in Hong Kong. In accordance with the requirements of the Mandatory Provisions and the Listing Rules, the Articles of Association provide for the appointment of an agent in Hong Kong, which is a trust corporation registered under the *Trustee Ordinance* (Chapter 29 of the Laws of Hong Kong) in

Hong Kong to receive all dividends and all other monies payable to H Share holders on behalf of such shareholders as required by the Listing Rules. The Articles of Association also contain provisions which provide that unclaimed dividends may only be forfeited by the Company after six years from declaration.

Variation of class rights

The Company Law makes no specific provision relating to variation of class rights. However, the Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarised in this Appendix. Under the Companies Ordinance, no rights attached to any class of shares can be varied except with the approval of a special resolution of the holders of the relevant class at a separate meeting or the consent in writing of the holders of three fourths in nominal value of the issued shares of the class in question.

The Company (as required by the Listing Rules and the Mandatory Provisions) has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic invested shares are defined in the Articles of Association as different classes, except where the Company issues and allots, in any 12-month period pursuant to a shareholders' mandate (obtained by way of a special resolution in general meeting), not more than 20% of each of the issued overseas listed foreign invested shares and the domestic invested shares existing as at the date of the shareholders' mandate. For the purpose of the above, holders of overseas non-listed foreign invested shares are treated as the same class of holders of domestic invested shares.

Share capital

For a joint stock limited company formed under the Company Law, the registered share capital and the issued share capital are the same. For a Hong Kong company, the authorised share capital may be larger than the issued share capital. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders if required, cause the company to issue new shares. In the case of a PRC company, any increase of the registered capital must be approved by the shareholders in general meeting and the relevant PRC Government and regulatory authorities. After completion of an approved new issue, the company has to register the increase in share capital with the relevant SAIC.

The minimum registered capital of a company which has applied for the listing of its shares on a stock exchange is RMB50 million under the Company Law. Hong Kong law does not effectively prescribe any minimum capital requirements for a Hong Kong company. Under the Company Law, the shares subscribed for in the form of intangible assets (excluding land use rights) may not exceed 20% of a joint stock limited company's registered capital if the concerned joint stock limited company is not one of those hi-tech companies specified by the State Council. There is no such restriction under Hong Kong law on a Hong Kong company.

Restriction on shareholding and transfer of shares

The Company Law makes no reference to the class of shares which may be subscribed for or traded by overseas investors but has provisions that shares of a company to be listed overseas must comply with the Special Regulations. The Special Regulations and the Mandatory Provisions provide, among other things, that H shares must be in registered form and include other matters some of which are referred to below. There is no restriction under Hong Kong law on a person's ability to deal in shares in a Hong Kong company on the basis of his residence or nationality.

Under the Company Law, shares in a joint stock limited company held by its promoters, directors or managers may not be transferred within certain periods of time. There is no such restriction under Hong Kong law.

Notice of meetings

Under the Company Law, shareholders of a joint stock limited company must be given 30 days' notice of a general meeting or, in the case of bearer shares, such notice should be published 45 days before the meeting. Under the Special Regulations and the Mandatory Provisions (which apply to the Company) written notice of 45 days must be given to all shareholders, and shareholders wishing to attend the meeting must reply in writing to reach the company 20 days before the date of the meeting. For a Hong Kong limited company, the minimum period of notice of a general meeting where convened for the purpose of considering ordinary resolutions is 14 days and where convened for the purpose of considering special resolutions 21 days. The notice period for an annual general meeting is also 21 days.

Quorum

Under Hong Kong company law, any two shareholders personally present will constitute a quorum for a general meeting, unless the articles of association provide otherwise. The Company Law makes no specific provision as to when a quorum is regarded as being present but the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose Shares represent 50% of the voting rights in the Company at least 20 days before the proposed date, or if that 50% level is not achieved, that the Company shall within five days notify shareholders in a public announcement and the annual general meeting may be held thereafter.

Voting

Under Hong Kong company law, ordinary resolutions are passed by more than one half of the votes cast by those shareholders voting in person or by proxy at a general meeting and special resolutions are passed by not less than three quarters of such votes. Under the Company Law, the passing of any resolution requires the passing by more than half of the votes of the shareholders attending and voting except in cases of proposed amendment to the articles of association, merger, division or dissolution of a company where the approval of a two-thirds majority is required.

Dividends

The Articles of Association empower the Company to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws the relevant limitation period is two years.

Financial disclosure

A joint stock limited company is required under the Company Law to make available at its office for inspection by shareholders its annual balance sheet, profit and loss account, statement of changes in financial situation and other relevant annexures 20 days before the annual general meeting of shareholders. In addition, a company established by the public subscription method under the Company Law must publish its financial statements. The annual balance sheet has to be verified by registered accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report which are to be laid before the company in its annual general meeting not less than 21 days before such meeting.

Under the Articles of Association (as required by the Listing Rules and the Mandatory Provisions), in addition to preparing accounts according to PRC accounting standards, the Company must have its accounts prepared and audited in accordance with international accounting standards or Hong Kong accounting standards. The Company is further required to publish its interim and annual accounts within 60 days from the end of the first six months of a financial year and within 120 days from the end of a financial year respectively. The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on directors and shareholders

The Company Law gives shareholders the right to inspect the Company's Articles of Association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on Directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

Corporate reorganisation

Corporate reorganisation involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of being wound up voluntarily to another company pursuant to section 237 of the Companies Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to section 166 of the Companies Ordinance which requires the sanction of the court. Under the PRC law, the merger or demerger of a joint stock limited company has to be approved by shareholders in general meeting and the relevant governmental authorities.

Arbitration of disputes

In Hong Kong, disputes between shareholders and a company or its directors, managers and other senior officers can be resolved through the courts. The Articles of Association provide that disputes between a holder of H Shares and the Company and its directors, supervisors, managers or other senior officers or a holder of Domestic Shares, arising from the Articles of Association, the Company Law or other relevant law or administrative regulation which concerns the affairs of the Company must, with certain exceptions, be referred to arbitration at either the Hong Kong International Arbitration Centre or the China International Economic and Trade Arbitration Commission. Such arbitration is final and conclusive.

Mandatory deductions

Under the Company Law, after tax profits of a company are subject to deductions of contributions to the statutory common reserve fund and the statutory common welfare fund of the company before they can be distributed to shareholders. There are prescribed limits under the Company Law for such deductions. There are no corresponding provisions under the Companies Ordinance.

LISTING RULES

The Listing Rules provide additional requirements which apply to us as an issuer incorporated in the PRC as a joint stock limited liability company and seeking a primary listing or whose primary listing is on the Stock Exchange. Set out below is a summary of the principal provisions containing the additional requirements which apply to us.

Compliance adviser

The Company is required to retain, for at least one year following its listing or such shorter period as the Stock Exchange may permit, the services of a compliance adviser that is acceptable to the Hong Kong Stock Exchange, to provide us with professional advice on continuous compliance with Hong Kong Listing Rules, and to act at all times, in addition to our two authorized representatives, as our principal channel of communication with the Stock Exchange.

If the Stock Exchange is not satisfied that the compliance adviser is fulfilling its responsibilities adequately, it may require us to terminate the compliance adviser's appointment and appoint a replacement as soon as possible.

The compliance adviser must keep the Company informed on a timely basis of changes in the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the Company. It must act as the principal channel of communication between the Company and the Stock Exchange if the Company's authorized representatives are expected to be frequently outside Hong Kong.

Accountants' reports

An accountants' report will not normally be regarded as acceptable by the Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong. Such report will normally be required to conform to either Hong Kong accounting standards or International Financial Reporting Standards.

Process agent

We are required to appoint and a person authorized to accept service of process and notices on our behalf in Hong Kong throughout the period during which our securities are listed on the Stock Exchange and must notify the Stock Exchange of his, her or its appointment, the termination of his, her or its appointment and his, her or its contact particulars.

Public shareholding

If at any time we issue securities other than the H Shares that are listed on the Stock Exchange, the Listing Rules require that all of our H Shares must be held by the public, the H Shares must represent not less than 10% of our issued share capital and the aggregate number of our H Shares and other securities held by the public must constitute not less than 25% of our issued share capital.

Independent non-executive directors and supervisors

Independent non-executive Directors are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of our general body of shareholders will be adequately represented. Supervisors must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as Supervisors.

Restrictions on purchase and subscription

Subject to governmental approval and the Articles of Association, we may purchase our own H Shares on the Stock Exchange in accordance with the provisions of Listing Rules. Approvals by way of a special resolution of holders of Domestic Shares and unlisted Foreign Shares and the holders of H Shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, we are required to provide information on any proposed or actual purchases of any or all of its equity securities, whether or not listed or traded on the Stock Exchange. We must also state the consequences of any purchases which will arise under either or both of the Hong Kong Codes on Takeovers and Mergers and Share Repurchases and any similar PRC law of which the Directors are aware, if any. Any special approval or general mandate given to the Directors to repurchase H Shares must not exceed 10% of the total amount of existing issued H Shares.

Redeemable shares

We must not issue any redeemable shares unless the Stock Exchange is satisfied that the relative rights of the holders of H Shares are adequately protected.

Pre-emptive rights

Except in the circumstances mentioned below, Directors must obtain the approval by special resolution of shareholders of the Company in general meeting and the approvals by special resolutions of holders of Domestic Shares and holders of H Shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the Articles of Association prior to:

(i) authorising, allotting, issuing or granting Shares or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares or such convertible securities; or

(ii) any major subsidiary making any such authorisation, allotment, issue or grant so as materially to dilute the percentage of our equity interest in such subsidiary.

No such approval will be required, except to the extent that our existing shareholders have by special resolution in general meeting given a mandate to the Directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of each of the existing issued Domestic Shares, unlisted Foreign Shares and H Shares as of the date of the passing of the relevant special resolution or, such Shares are part of our plan at the time of our establishment, to issue Domestic Shares, unlisted Foreign Shares and H Shares as long as such plan is implemented within 15 months from the date of approval by the State Council Securities Policy Committee.

Amendment to articles of association

We may not permit or cause any amendment to our Article of Association which would cause them to cease to comply with the Company Law, the Mandatory Provisions or the Listing Rules.

Documents for inspection

We are required to make available at a place in Hong Kong for inspection by the public and our shareholders free of charge, and for copying by shareholders at reasonable charges, the following:

(i) a complete duplicate register of shareholders;

(ii) a report showing the state of the issued share capital of the Company;

(iii) our latest audited financial statements and the Directors', auditors and (if any) Supervisors' reports thereon;

(iv) special resolutions;

(v) reports showing the number and nominal value of securities repurchased by the Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic Shares, unlisted Foreign Shares and H Shares);

(vi) a copy of the latest annual return filed with the PRC State Administration for Industry and Commerce or other competent PRC authority; and

(vii) for shareholders only, copies of the minutes of meetings of shareholders.

Statements in share certificates

We are required to ensure that all our listing documents and H Share certificates include the statement stipulated below and to instruct and cause our H Share Registrar not to register the subscription, purchase or transfer of any of our H Shares in the name of any particular holder unless and until such holder delivers to the share registrar a signed form in respect of those H Shares bearing statements to the following effect, that the holder of H Shares:

- agrees with us and each of our Shareholders, and we agree with each of our Shareholders, to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association;

- agrees with us, each of our Shareholders, Directors, Supervisors, managers and other officers, and we acting both for ourselves and for each of our Directors, Supervisors, managers and other officers, agree with each of our Shareholders to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

- agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders of our H Share;

- and authorises us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in the Articles of Association.

This Appendix contains a summary of the principal provisions of the Articles of Association, which was adopted on 7 August 2008 and will become effective on the date that our H Shares are listed on the Stock Exchange. The principal objective is to provide potential investors with an overview of the Articles of Association. As the information contained below is in summary form, it does not contain all the information that may be important to potential investors. A copy of the full Chinese text of the Articles of Association is available for inspection as mentioned in "Appendix IX — Documents Delivered to the Registrar of Companies and Available for Inspection".

DIRECTORS AND BOARD OF DIRECTORS

Power to allot and issue Shares

There is no provision in the Articles of Association empowering the Board to allot or issue shares. In order to allot or issue shares, the Board shall prepare a proposal for approval by shareholders in general meeting by way of special resolution. Any such allotment or issue must be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

Power to dispose of the Company's or any of its subsidiaries' assets

The Board shall not, without the approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of: (i) the value of the consideration for the proposed disposition; and (ii) where any fixed assets of the Company have been disposed of in the period of four months immediately preceding the proposed disposition, the amount or value of the consideration for any such disposition exceeds 33% of the value of the Company's fixed assets as shown in the last audited balance sheet placed before the shareholders in general meeting. For the purposes of this provision, disposition includes an act involving a transfer of an interest in property other than by way of security.

The validity of a transaction for the disposition of fixed assets by the Company shall not be affected by a breach of the above-mentioned restriction contained in the Articles of Association.

Compensation or payments for loss of office

Contract of emoluments shall make provision for the right of a Director or Supervisor, in connection with the takeover of the Company, subject to the approval of the shareholders in a general meeting, to receive compensation or other payment for loss of office or for his retirement for office. A takeover of the Company means:

(i) an offer made on all shareholders of the Company; or

(ii) an offer having the effect that the offeror will become the controlling shareholder of the Company (as defined in the Articles of Association).

If the relevant Director or Supervisor does not comply with the above provisions, any sum received by the Director or Supervisor on account of the payment shall be attributed to those persons who have sold their shares as a result of the offer, and the expenses incurred by the Director or Supervisor in distributing that sum pro rata among those persons shall be borne by him and not deducted from the sum distributed.

Loans to Directors, Supervisors and other officers

The Company is prohibited from directly or indirectly making any loan or guarantee to its Directors, Supervisors, president, or other senior officers or the directors, supervisors, president, or other senior officers of its holding company. The Company is also prohibited from providing any loan or guarantee in connection with a loan made by any connected person to such a director, supervisor, president, or other senior officer.

A loan made by the Company in breach of the prohibition described above shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan. A guarantee for a loan provided by the Company in breach of the prohibition referred to above shall be unenforceable against the Company unless:

(i) the guarantee was provided in connection with a loan to a person connected with a Director, Supervisor, president, or other senior officer of the Company or its holding company and at the time the loan was advanced the lender did not know of the relevant circumstances; or

(ii) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

The following transactions are not subject to the foregoing prohibition:

(i) the provision of a loan or a guarantee for a loan by the Company to a company which is a subsidiary of the Company;

(ii) the provision of a loan or a guarantee for a loan or any other funds by the Company to any of its Directors, Supervisors, president, or other senior officer to meet expenditures incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of an employment contract approved by the shareholders' general meeting; and

(iii) the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, Supervisors, president, or other senior officers or other connected persons where the ordinary course of its business includes the making of loans or the giving of guarantees and provided that the making of such loans or the giving of such guarantees is on normal commercial terms.

For these purposes, guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Giving of financial assistance to purchase the Shares of the Company or any of its subsidiaries

Subject to the Articles of Association:

(i) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to a person who acquires or is proposing to acquire shares in the Company. Said person includes any person who has directly or indirectly incurred a liability as a result of the acquisition of shares in the Company; and

(ii) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to the person mentioned in the foregoing paragraph for the purposes of reducing or discharging his liabilities.

The following transactions are not prohibited:

(i) the provision of financial assistance where the Company's principal purpose for giving that assistance is genuinely for the Company's interests and not for the purpose of acquiring the Company's shares or the provision of such assistance is incidental to some broader objective of the Company;

(ii) a lawful distribution of the Company's assets by way of dividend;

(iii) a distribution of dividends by way of bonus shares;

(iv) a reduction of share capital, repurchase of shares of the Company or a reorganisation of the share capital effected in compliance with the Articles of Association;

(v) the provision of loans by the Company in the ordinary course of its business, provided that the Company's net assets are not thereby reduced or, to the extent that those assets are reduced, the assistance is provided out of distributable profits; and

(vi) the Company's contribution to employees' share schemes provided that the Company's net assets are not thereby reduced or, to the extent that those assets are thereby reduced, the assistance is provided out of distributable profits.

For these purposes,

(i) "financial assistance" includes, without limitation:

    (aa) assistance given by way of gift;

    (bb) assistance given by way of guarantee (including the provision of any undertaking or property to secure the performance of obligations by the obligor) or indemnity, (other than an indemnity in respect of the Company's own default) or by way of release or waiver;

    (cc) assistance given by way of a loan; or entering into an agreement under which the Company needs to perform its obligations ahead of the other contracting parties; or entering into an agreement for the change of contracting parties or the assignment of rights arising under such loan or such agreement; or

    (dd) assistance given by the Company in any other manner when the Company is insolvent or has no net assets or where its net assets would thereby be reduced to a material extent; and

(ii) "incurring a liability" includes incurring a liability by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on one's own account or on the account of any other person) or by changing one's financial position by any other means.

Disclosure of interests in and voting on contracts with the Company or any of its subsidiaries

Where a Director, Supervisor, president, or other senior officer is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company other than his contract of service, he shall disclose the nature and extent of his interest to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board of Directors.

Unless the interested Director or Supervisor, president, or other senior officer has disclosed his interest in accordance with the Articles of Association and the contract, transaction or arrangement has been approved by the board of Directors at a meeting at which the interested Director, Supervisor, president, or other senior officer is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement in which a Director, Supervisor, president, or other senior officer is materially interested can be rescinded at the Company's option provided that such rescission will not affect the validity of such contract, transaction or arrangement as against a bona fide party thereto acting in good faith. For these purposes, a Director, Supervisor or president, or other senior officer is deemed to be interested in a contract, transaction or arrangement in which a person connected to him is interested.

When a Director, Supervisor, president, or other senior officer of the Company gives the Board a general notice in writing stating that, by reason of the facts stated in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be entered into by the Company, then he shall be deemed to have made a disclosure for the purposes of the relevant provisions in the Articles of Association so far as the content stated in such notice is concerned, if such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Remuneration

The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with each Director or Supervisor for emoluments in respect of their services. The said emoluments include:

(i) emoluments in respect of their services as Director, Supervisor or senior officer of the Company;

(ii) emoluments in respect of their services as Director, Supervisor or senior officer of any subsidiary of the Company;

(iii) emoluments otherwise in connection with services for the management of the Company or any subsidiary thereof; and

(iv) payments by way of compensation for loss of office, or in connection with their retirement from office.

Except under a contract entered into in relation to the above, no proceedings shall be brought by a Director or Supervisor against the Company for anything due to him in respect of the matters specified above.

Retirement, appointment and removal

The following persons may not serve as a Director, Supervisor, president, or other senior officer of the Company:

(i) an individual who has no civil capacity or has restricted civil capacity;

(ii) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty, or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;

(iii) persons who were former directors, factory chiefs or managers of a company or enterprise that has become insolvent and has been liquidated as a result of mismanagement and who were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise that had its business licence revoked due to a violation of the law and who were personally liable, where less than three years have elapsed since the date of the revocation of such business licence;

(v) persons who have failed to pay a relatively large debt when due and outstanding;

(vi) persons who have committed criminal offences and are still under investigation by law administration authorities;

(vii) persons who have been convicted of offences of violating provisions of the relevant securities laws and regulations or offences of fraud or acting in bad faith, where less than 5 years have lapsed since the date of conviction;

(viii) persons who are not natural persons;

(ix) persons who is not eligible for enterprise leadership according to laws and administrative regulations; and

(x) other situations stipulated by laws and regulations of the place where the Company's shares are listed.

The validity of the conduct of Directors, the president, or other senior officers who have acted on behalf of the Company with respect to third parties who have acted in good faith shall not be affected due to any irregularity in the employment, election or qualification of such Directors, president, or other senior officers.

The board of Directors shall consist of 11 Directors. The Directors shall be elected at shareholders' general meetings. A Director is not required to hold any shares in the Company.

The president or other senior officers may serve concurrently as directors of the Company.

The chairman of the board of Directors shall be elected or removed by more than one half of all of the Directors. A Director (without prejudice to any claim for damages under any contract) may be removed by ordinary resolution at a Shareholders' general meeting.

The term of office of the chairman and other Directors shall be three years commencing from their accession and ending on the expiry of the term of the current session of the Board and is renewable upon re-election.

The minimum length of the period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be at least 7 days. The period for giving such written notice shall commence after the date the Company gives notice of the general meeting by post, and shall end not later than 7 days before the date of the general meeting.

Borrowing powers

On condition of compliance with the laws and administrative regulations of the State, the Company is entitled to raise capital and borrow money, including (without limitation) the issue of bonds, the mortgage or pledge of part or all of the Company's properties and other rights permitted by the laws and administrative regulations of the State provided that such action does not damage or abrogate rights of any shareholder.

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any special provision in respect of the manner in which such power may be raised, other than: (a) provisions that give the Directors the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions that provide that the issuance of debentures must be approved by the Shareholders of the Company in a general meeting by way of a special resolution.

Liabilities

The Directors, Supervisors, president, and other senior officers of the Company owe fiduciary duties and duties of diligence to the Company. In addition to any rights and remedies provided for in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a Director, Supervisor, president, or other senior officer is in breach of his duties owed to the Company:

(i) claim against such Director, Supervisor, president or other senior officer for losses of the Company incurred by such Director, Supervisor, president or other senior officer as a result of his breach;

(ii) rescind any contract or transaction entered into between the Company and the Director, Supervisor, president or other senior officer and a third party where such third party has knowledge or should have had knowledge of the breach of duty;

(iii) account for the profits made by the Director, Supervisor, president or other senior officer as a result of his breach;

(iv) recover any monies received by the Director, Supervisor, president or other senior officer which should have been received by the Company, including, without limitation, commissions; and

(v) demand the return of the interest earned or which may have been earned on any monies referred to in (iv) above by the Director, Supervisor, president or other senior officer which should have been received by the Company.

The Board shall carry out its duties in compliance with the laws and administrative regulations, the Articles of Association and resolutions of the shareholders' general meetings. Each Director, Supervisor, president, and other senior officer of the Company should abide by his fiduciary principles in the discharge of his duties, and not place himself in a position where his duty and his own interests may conflict. Such principles include (but are not limited to) the performance of the following:

(i) to act honestly in what he considers to be in the best interest of the Company;

(ii) to exercise his powers within the scope specified and not to act ultra vires;

(iii) to exercise the discretion vested in him personally and not allow himself to act under the direction of another and, unless and to the extent permitted by law or by the shareholders, having been informed of the relevant facts, at a general meeting, not to delegate the exercise of his discretion;

(iv) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(v) save as provide in the Articles of Association or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;

(vi) not to use the Company's assets for his personal benefit without the approval of the shareholders, having been informed of the relevant facts at a general meeting;

(vii) not to use his position to accept bribes or other illegal income and not to expropriate in any manner the Company's assets, including (without limitation) opportunities beneficial to the Company;

(viii) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders in general meeting;

(ix) to abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;

(x) not to compete with the Company in any manner except with the informed consent of shareholders given in general meeting;

(xi) not to misappropriate the Company's funds, not to open any bank account in his own name or other name for the deposit of the Company's assets; and

(xii) without the informed consent of shareholders in general meeting, not to disclose confidential information in connection with the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or a governmental authority is permitted where (i) the disclosure is made under mandatory provisions of law; (ii) there is a duty to the public to disclose; or (iii) the personal interests of the Director, Supervisor, president or other senior officer require disclosure.

A Director, Supervisor, president, or other senior officer of the Company shall not direct persons connected to him to do what he is not permitted to do. A person is connected to a Director, Supervisor, president, or other senior officer if he is:

(i) the spouse or minor child of such Director, Supervisor, president, or other senior officer;

(ii) a trustee for such Director, Supervisor, president, or other senior officer or any person referred to in (i) above;

(iii) a partner of such Director, Supervisor, president, or other senior officer or of any person referred to in (i) and (ii);

(iv) a company in which that Director, Supervisor, president, or other senior officer, alone or jointly with one or more persons referred to in above (i), (ii) and (iii) or with any of other Directors, Supervisors, president, or other senior officers of the Company, have *de facto* control;

(v) a director, supervisor, president, or other senior officer of a company referred to in (iv) above; or

(vi) any person who would be considered to be connected to the Director, Supervisor, president (general manager), or other senior officer of the Company according to the relevant rules.

The fiduciary duties of a Director, Supervisor, president, and other senior officer of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of his term of office and the occurrence of the matter in question and the circumstances and the terms under which the relationships between him and the Company are terminated.

In addition to obligations imposed by relevant laws, administrative regulations or the listing rules of the securities exchange on which the Company's shares are listed, Directors, Supervisors, the president, and other senior officers in the exercise of their powers and the discharge of their duties shall owe the following obligations to the shareholders:

(i) not to cause the Company to go beyond the business scope specified by its business licence;

(ii) to act honestly in what they consider to be the best interest of the Company;

(iii) not to deprive in any manner the Company of its assets, including (but not limited to) opportunities beneficial to the Company; and

(iv) not to deprive shareholders of their personal rights and interests, including (but not limited to) rights to distributions and to vote, except in a Company reorganisation submitted in accordance with the provisions of the Articles of Association and adopted at a shareholders' general meetings.

Each of the Directors, Supervisors, president, and other senior officers of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.

ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

The Company may, in accordance with provisions contained in relevant laws, administrative regulations and the Articles of Association, amend its Articles of Association.

The amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the company approval authorities of the State Council and the securities regulatory authority of the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

The Company may not vary or abrogate rights attached to any class of shares ("**Class Rights**") unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with the provisions of the Articles of Association. The following circumstances shall be deemed to be a variation or abrogation of the Class Rights of a class:

(i) increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;

(ii) effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

(iii) remove or reduce rights to accrued dividends or rights to cumulative dividends of such class;

(iv) reduce or remove a dividend preference or a liquidation preference attached to shares of such class;

(v) add, remove or reduce conversion, options, voting, transfer or pre-emptive rights or rights to acquire securities of the Company of such class;

(vi) remove or reduce rights to receive payments from the Company in any particular currency;

(vii) create a new class of shares having voting or distribution rights or privileges equal or superior to the shares of such class;

(viii) restrict the transfer of ownership of the shares of such class or to increase any such restrictions;

(ix) allot and issue rights to subscribe for, or convert into, shares in the Company of such class or another class;

(x) increase the rights or privileges of another class;

(xi) restructure the Company when the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such proposed restructuring; and

(xii) vary or abrogate the provisions in the Articles of Association.

Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (ii) to (viii), (xi) and (xii) above, but Interested Shareholder(s) (as defined below) shall not be entitled to vote at class meetings.

Resolutions of a class of shareholders shall require the approval of shareholders present representing more than two thirds of the voting rights of that class voting in favor of such resolutions.

Written notice of a class meeting shall be given by the Company 45 days prior to the date of the meeting to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting.

The Company can convene a class shareholders' meeting, if the number of shares of the class carrying voting rights represented by shareholders intending to attend represents more than one half of the total number of such shares of the Company. If not, the Company shall make an announcement, within five days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the class shareholders' meeting.

Notice of class meetings shall only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a manner that observes as closely as possible the provisions for general meetings of shareholders set out in the Articles of Association.

The provisions of the Articles of Association relating to the conduct of any meeting of shareholders shall apply to any class meeting.

In addition to holders of other class shares, holders of Domestic Shares and H Shares are deemed to be shareholders of different classes.

Special procedures for voting by holders of different classes of Shares do not apply to the following situations:

(i) when the Company issues, upon the approval by special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its existing issued Domestic Shares or H Shares;

(ii) when the Company completes, within 15 months from the date on which approval is given by the securities regulatory authorities of the State Council, its plan (made at the time of its establishment) to issue Domestic Shares and H Shares; and

(iii) when shares of the Company held on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the Securities Authority of the State Council, save as the listing rules or any other rules concerning securities provided otherwise.

For the purposes of the class rights provisions of the Articles of Association, an "Interested Shareholder" is:

(i) in the case of a repurchase of shares by offers to all shareholders or public dealing on a stock exchange, a controlling shareholder within the meaning of the Articles of Association;

(ii) in the case of a repurchase of shares by an off-market contract under the Articles of Association, a shareholder to whom the proposed contract is related; and

(iii) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate amount of obligations imposed on the shareholders of that class or who has an interest different from the interest of the other shareholders of that class.

SPECIAL RESOLUTIONS — MAJORITY REQUIRED

Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than the one half of the votes represented by shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution, more than the two thirds of the votes represented by the shareholders (including proxies) present at the shareholders' general meeting must be exercised in favor of the resolution.

VOTING RIGHTS (GENERALLY ON A POLL AND RIGHT TO DEMAND A POLL)

The ordinary shareholders of the company have the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat. Shareholders (including proxies), when voting at a shareholders' general meeting, may exercise voting rights in accordance with the number of shares carrying the right to vote, and each share shall have one vote.

At any shareholders' meeting, voting shall be by a show of hands unless a poll (before or after a vote by a show of hands) is required under laws, regulations, rules of regulatory authorities or the Stock Exchange Listing Rules or is demanded by the following persons:

(i) the chairman of the meeting;

(ii) at least two shareholders, present in person or by proxy, who have the right to vote; or

(iii) one or more shareholders or his/their proxy who, alone or together, represent 10% or more of the shareholding represented at the meeting which carries the right to vote at that meeting.

Unless a poll is required under the Listing Rules or is demanded, a declaration by the Chairman based on the result of the show of hands as to whether a resolution has been passed and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the result of that vote without further proof of the number of votes recorded or the percentage of votes in favor of and against such resolution at the meeting. The demand for a poll may be withdrawn by the person(s) who demanded it.

A poll demanded on a vote regarding the election of the Chairman of the meeting, or on a question of adjournment of the meeting, shall be taken immediately. A poll demanded on any other matters shall be taken at such time as the Chairman of the meeting decides, and the meeting may proceed to other matters. The results of a poll shall be deemed to be a resolution of the meeting at which the poll was demanded. On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to an additional vote. Where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

A shareholders' general meeting shall either be an annual general meeting or an extraordinary general meeting. Shareholders' general meetings shall be convened by the board of Directors. Annual general meetings are held once every year within six months of the financial year end.

ACCOUNTS AND AUDIT

Financial and accounting system

The Company shall establish its financial and accounting systems and internal audit system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory authority of the State Council.

The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports as are required by the laws, administrative regulations or directives promulgated by competent local governments and supervisory authorities to be prepared by the Company.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place outside China where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of the Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the different set of financial statements shall be adopted.

The financial reports of the Company shall be made available at the Company for inspection by shareholders 20 days before the annual general meeting. Every shareholder of the Company is entitled to a copy of the financial reports.

A copy of the above financial report shall, at least 21 days before the date of the general meeting, be delivered or sent by pre-paid post to the registered address of every holders of Foreign Shares.

The interim results or financial information that the Company announces or discloses shall be compiled according to both PRC accounting standards, rules and regulations, and international accounting standards or accounting standards of the place at which shares of the Company are listed.

The Company shall disclose its financial reports two times in each financial year, that is, its interim financial reports within 60 days of the end of the first six months of a financial year and its annual financial reports within 120 days of its financial year end.

The Company shall not keep any other books of accounts other than those provided by law.

Appointment and removal of accountants

The Company shall appoint an independent firm of accountants that is qualified under the relevant regulations of the State to audit the Company's annual reports and review the Company's other financial reports.

If the position for the accountants firm comes to be vacant, the Board of Directors may fulfill such vacancy by appointing an accountants firm before the shareholder's general meeting is convened. But if the Company has other accountants firm(s) on duty during that vacancy, such accountant firm(s) may continue to go on its (their) performance.

The accountants firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders until the conclusion of the next annual general meeting of shareholders.

The shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiry of its term of office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

The remuneration of an accountants firm or the manner in which such remuneration is determined shall be decided by the shareholders in general meeting. But such remuneration or manner shall be determined by the Board of Directors if the accountants firm is appointed by it.

The Company's appointment of, removal of and non-reappointment of an accountants firm shall be resolved upon by the shareholders in general meeting. The resolution of a shareholders' general meeting shall be filed with the securities regulatory authorities of the State Council.

Prior to the removal or the non-renewal of the appointment of the accountants firm, an advance notice of such removal or non-renewal shall be given to the accountants firm and such firm shall have the right to attend and to make representation to the shareholders' general meeting.

Where the accountants firm resigns its post, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company in connection with his resignation.

The accountants firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

(i) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

(ii) a statement of any such circumstances.

When a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the relevant governing authority. If the notice contains a statement under circumstance (ii) of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares at the address registered in the register of shareholders.

Where the accountants firm's notice of resignation contains a statement of any circumstance that should be brought to the notice of the shareholders or creditors of the Company, it may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

NOTICE OF MEETING AND BUSINESS TO BE CONDUCTED THEREAT

The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

Without the prior approval of the shareholders in general meeting the Company shall not enter into any contract with any person other than a Director, Supervisor, president, or other senior officer whereby such person is entrusted with the management of the whole or a material part of any business of the Company.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

(i) when the number of Directors is less than the number of Directors required by the Company Law or two-thirds of the number of Directors specified in the Articles of Association;

(ii) when the unaccounted losses of the Company amount to one third of its share capital;

(iii) when shareholders holding 10% or more of the Company's issued and outstanding shares carrying voting rights request in writing the convening of an extraordinary general meeting;

(iv) when the board of Directors considers an extraordinary general meeting necessary or upon the request of the supervisory committee; and

(v) other situations provided by the Articles of Association.

The shares owned by the shareholder's described in (iii) shall be calculated according to the situation on the date when such shareholders submit their request in writing. One or several such requests in writing, which are in the same form, shall be signed by shareholders above mentioned and specific themes and proposals shall be submitted to the Board of Directors.

To convene a general meeting, the Company shall give written notices 45 days before the date of the meeting, informing all registered shareholders of the matters proposed to be considered at the meeting and the date and place of the meeting. Shareholders who will attend the meeting shall send the written replies of attendance to the Company to be received by the Company 20 days before the date of the meeting.

When the Company is to convene an annual general meeting, shareholders holding 3% or more of shares carrying voting rights shall have the right to put forward new proposals in writing to the Company 10 days before the date of the meeting.

The Company shall calculate, according to the written replies received 20 days before the date of the meeting, the number of shares carry voting rights that the shareholders attending the meeting represent. The Company can convene a shareholders' general meeting if the number of shares carrying voting rights represented by shareholders intending to attend is more of the one half of the total number of shares carrying voting rights. Otherwise, the Company shall make an announcement, within 5 days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the general meeting. An extraordinary general meeting may not decide on matters not specified in the notice.

A notice of meeting of shareholders shall:

(i) be in writing;

(ii) specify the place, the date and the time of the meeting;

(iii) state the matters to be discussed at the meeting;

(iv) provide such information and explanation as are necessary for the shareholders to exercise an informed judgement on the proposals before them. Without limiting the generality of the foregoing, when a proposal is made to amalgamate the Company with another company, to repurchase shares of the Company, to reorganise the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the reasons for and consequences of such proposal must be properly explained;

(v) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, president, or other senior officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;

(vi) contain the text of any special resolution proposed to be passed at the meeting;

(vii) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;

(viii) specify the registered date of the shareholders entitled to attend the meeting;

(ix) specify the time and place for lodging proxy forms for the relevant meeting; and

(x) specify the name and number of the standing contacting person of the meeting.

Notices of shareholders' general meetings shall be served on the shareholders (whether or not they are entitled to vote at the meeting) by personal delivery or prepaid mail to their addresses registered in the register of shareholders. For holders of Domestic Shares, notice of Shareholder's general meeting may be made by way of public announcement.

Public announcement of notices of shareholders' general meetings shall be published in one or more newspapers designated by the securities regulatory authority of the State Council 45 to 50 days prior to the date of the meeting. Upon the publication of the announcement, all holders of Domestic Shares shall be deemed to have received notice of the relevant shareholders' meeting. The accidental omission of notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting. The announcements in Chinese and English must be published in a prominent Chinese newspaper and an English newspaper designated by the Stock Exchange.

Shareholders requisitioning an extraordinary general meeting of shareholders or class meeting shall abide by the following procedures:

(i) shareholder(s) alone or in aggregate holding 10% or more of the shares have the right to require the Board to convene a shareholders' extraordinary meeting by a written requisition. After receipt of the requisition, the board shall convene a extraordinary meeting as soon as possible; and

(ii) if the Board fails to respond or refuse to convene the shareholders' extraordinary meeting within thirty days after receipt of the requisition, the shareholder(s) alone or in aggregate holding 10% or more of the shares have the right to convene the meeting by themselves within four months after the board receipt of the requisition.

The matters that require the sanction of a special resolution at a shareholders' general meeting include:

(i) the increase or reduction of share capital and the issue of shares of any class or warrants and other similar securities;

(ii) the issue of debentures of the Company;

(iii) the division, merger, termination or liquidation of the Company;

(iv) amendments to the Articles of Association;

(v) any other matters considered by the shareholders' general meeting, resolved by way of an ordinary resolution, to be of a nature that may have a material impact on the Company and that should be adopted by a special resolution; and

(vi) other matters required the sanction of a special resolution prescribed by the Articles of Association and listing rules.

TRANSFER OF SHARES

Subject to the approval of the securities authority of the State Council, shares of our Company held on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

The directors, supervisors and senior officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares that a director, supervisor or senior officer may transfer every year during his term of office shall not exceed 25% of the total number of the Company's shares in his or her possession and such shares are not transferable within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares in their possession within six (6) months after they have terminated their employment with the Company.

All the fully paid-up H Shares can be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognise any instrument of transfer without giving any reason, unless:

(i) a fee (for each instrument of transfer) of HK$2.50 or any higher fee as agreed by the Board has been paid to the Company for registration of any transfer or any other document which is related to or will affect ownership of or change of ownership of the shares up to the highest amount as stipulated in the Hong Kong Listing Rules;

(ii) the instrument of transfer only involves H Shares;

(iii) the stamp duty chargeable on the instrument of transfer has been paid;

(iv) the relevant share certificate and, upon the reasonable request of the Board, any evidence in relation to the right of the transferor to transfer the shares has been submitted;

(v) if it is intended to transfer the shares to joint owners, then the maximum number of joint owners shall not exceed four (4);

(vi) the Company does not have any lien on the relevant shares; and

(vii) any of the shares shall not be transferred to minors or mentally disabled people, or any other incompetent people prescribed by law.

The alteration and rectification of each part of the share register shall be carried out in accordance with the laws of the place where the register is maintained.

No changes in the shareholders' register due to the transfer of shares may be made within thirty (30) days before the date of a general meeting or within five (5) days before the record date for the Company's distribution of dividends.

POWER OF THE COMPANY TO REPURCHASE ITS OWN SHARES

The Company may, with the approval in accordance with the procedures provided in the Articles of Association and subject to the approval of the relevant governing authorities of the State, repurchase its issued shares in the following circumstances:

(i) cancellation of its shares for the purpose of reducing its share capital;

(ii) merging with another company that holds Shares;

(iii) granting shares as incentive compensation to the staff of the Company;

(iv) acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company; or

(v) other circumstances permitted by the laws and administrative regulations.

The Company may, upon the approval of the relevant state governing authorities, repurchase its shares in one of the following ways:

(i) making a pro rata general offer of repurchase to all its shareholders;

(ii) repurchasing Shares through public dealing on a stock exchange;

(iii) repurchasing by an off-market agreement outside a stock exchange; or

(iv) any other situations permitted by laws and administrative regulations.

The Company may, with the prior sanction of shareholders obtained at a shareholder's meeting in accordance with the Articles of Association, repurchase its shares by an off-market contract, and the Company may rescind or vary such contract or waive any or part of its rights under a contract so entered into by the Company with the prior approval of shareholders obtained at a shareholder's meeting in the same manner. A contract to repurchase Shares as mentioned above includes but is not limited to an agreement to become obliged to repurchase or acquire rights to repurchase Shares.

The Company shall not assign a contract to repurchase its shares or any of its rights thereunder.

Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to the repurchase of its issued shares:

(i) when the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;

(ii) when the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase. Payment of the portion in excess of the par value shall be effected as follows:

a) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company; and

b) if the Shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the Shares repurchased nor the current amount of the share premium account or the capital reserve fund account of the Company (including the premiums on the new issues) at the time of the repurchase;

(iii) when the Company repurchases its shares that it is entitled to repurchase:

a) if repurchased not through the stock market or by way of tender, the price of the repurchased shares shall be subject to a certain maximum price; and

b) if repurchased by way of tendering, the tender offer must be sent to all shareholders and all the shareholders must be treated fairly and equally in this process;

(iv) payment by the Company for the following purposes shall be made out of the Company's distributable profits:

a) acquisition of rights to repurchase Shares;

b) variation of any contract to repurchase Shares;

c) release of any of the Company's obligations under a contract to repurchase Shares; and

(v) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's share premium account or capital reserve fund account.

POWER OF ANY SUBSIDIARY OF THE COMPANY TO OWN SHARES IN ITS PARENT

The Articles of Association contains no restrictions preventing any subsidiary of the Company from holding Shares.

DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute dividends by way of cash or bonus shares.

The dividends and other amounts that are payable to holders of Domestic-Invested Shares shall be calculated and declared in Renminbi, and be paid by Renminbi three months after the declaration. The dividends and other amounts that are payable to holders of Foreign Shares shall be calculated and declared in Renminbi, and be paid by foreign currency three months after the declaration. The exchange rate shall be converted by the average closing price promulgated by the People's Bank of China five days before the date of declaration of dividend or other allocations. The foreign currency paid to the holders of Foreign Shares by the Company shall be transacted according to the exchange regulations of the PRC. Such allocation of dividend shall be implemented by the Board of Directors authorized by the ordinary resolution of the shareholder's general meeting.

The receiving agent appointed on behalf of holders of Foreign Shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong. The Company shall be entitled to forfeit unclaimed dividends after the expiry of 6 years from the date of declaration.

PROXIES

Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorisation from that shareholder:

(i) the shareholder's right to speak at the meeting;

(ii) the right to demand, whether on his own or together with others, a poll; and

(iii) the right to vote by raising one's hand or polling, save as the listing rules or other laws and regulations concerning securities provided otherwise; however, if the proxy represents more than one shareholder, the proxy must vote on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal person either under seal or under the hand of a director or attorney duly authorized. The instrument appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy propose to vote or the time specified for the passing of the resolution. If such instrument is signed by another person under a power of attorney or other authorisation documents given by the appointor, such power of attorney or other authorisation documents shall be notarized. The notarized power of attorney or other authorisation documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointor is a legal person, its legal representative or any person authorized by resolutions of its board of directors or other governing body shall attend the shareholders' meeting as the appointor's representative.

Any form issued to a shareholder by the Board for the purpose of appointing a proxy shall be such as to enable the shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed and in respect of each individual matter to be voted on at the meeting. Such a form shall contain a statement that in the absence of instructions from the appointor, the proxy may vote as he thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association relating to the making of calls on Shares or for the forfeiture of Shares.

INSPECTION OF REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company shall keep a register of shareholders and enter therein the following particulars:

(i) the name (title), address (residence) and occupation or nature of each shareholder;

(ii) the class and number of shares held by each shareholder;

(iii) the amount paid up or payable on the Shares held by each shareholder;

(iv) the share certificate numbers of the Shares held by each shareholder;

(v) the date on which each person was entered in the register as a shareholder; and

(vi) the date on which any shareholder ceases to be a shareholder.

Unless there is evidence to the contrary, the register of shareholders is sufficient evidence of each shareholder's shareholdings in the Company.

The Company may, in accordance with the understanding or agreements between the securities regulatory authority of the State Council and the overseas securities regulatory organisations, maintain the register of shareholders of Foreign Shares overseas and appoint overseas agent(s) to manage such share register.

Duplicates of the share register for holders of Foreign Shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the share register. The original register of Overseas-listed Foreign-Invested Shares listed in Hong Kong shall be maintained at Hong Kong.

If there is any inconsistency between the original and the duplicate share register for holders of Foreign Shares, the original shall prevail.

The Company shall keep a complete register of shareholders.

The register of shareholders shall comprise of the following parts:

(i) register(s) of shareholders other than those specified in items (ii) and (iii) below kept at the domicile of the Company;

(ii) register(s) of holders of the Company's overseas-listed foreign-investment shares kept in the place of the stock exchange(s) where those foreign-investment shares are traded; and

(iii) register(s) of shareholders kept at other places as the board of directors thinks necessary for the purpose of listing.

Different parts of the register of shareholders shall not overlap. No transfer of Shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

The alteration or rectification of any part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register is maintained.

No changes that are required by reason of a transfer of Shares may be made to the register of shareholders within 30 days prior to the date of a shareholders' general meeting or 5 days prior to the record date for the Company's distribution of dividends.

When the Company decides to convene a shareholders' general meeting, distribute dividends, liquidate or carry out other activities that require the determination of shareholdings, the board of Directors shall fix a record date for the purpose of determining the shareholding. A person who is registered in the register as a shareholder of the Company at the end of the record date shall be a shareholder of the Company.

Any person who objects to what is contained in the register of shareholders and wishes to register his name on, or delete his name from, the register may apply to the court with jurisdiction to amend the register.

The right of the Shareholders to information includes, but without limitation, the following:

(i) the right to a copy of the Articles of Association after payment of costs; and

(ii) the right to inspect and copy, subject to payment of a reasonable fee:

a) all parts of the register of members;

b) personal particulars of each of the Company's directors, supervisors, president, and other senior officers;

c) reports on the status of the Company's share capital;

d) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose; and

e) corporate bond certificates, minutes of the general meetings of shareholders, resolutions of the Board of Directors' meeting, resolutions of the supervisory committee, and financial and accounting reports.

QUORUM FOR SHAREHOLDERS MEETINGS

The Company can convene a shareholders' meeting if the number of Shares carrying voting rights represented by shareholders intending to attend comprise at least half of the total number of Shares carrying voting rights.

The Company can convene a class shareholders' meeting if the number of Shares of the class carrying voting rights represented by shareholders intending to attend comprise at least half of the total number of such Shares of the class.

RIGHTS OF MINORITY SHAREHOLDERS IN RELATION TO FRAUD OR OPPRESSION

In addition to the obligations imposed by laws and administrative regulations or the Listing Rules on which Shares are listed, a controlling shareholder, when exercising his rights as a shareholder, shall not exercise his voting rights to make a decision which is prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company in respect of the following matters:

(i) to relieve a Director or Supervisor of his duty to act honestly in the best interests of the Company;

(ii) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company; or

(iii) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights, but not including a restructuring of the Company submitted to and approved by a shareholders' general meeting in accordance with the Articles of Association.

For the purposes of the preceding paragraph, a "controlling shareholder" means a person who satisfies any one of the following conditions:

(i) he alone or acting in concert with others has the power to elect more than half of the Directors;

(ii) he alone or acting in concert with others has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;

(iii) he alone or acting in concert with others holds 30% or more of the issued Shares;

(iv) he alone or acting in concert with others becomes the largest shareholder of the Company; and

(v) he alone or acting in concert with others in any other manner has *de facto* control over the Company.

PROCEDURE ON LIQUIDATION

The Company shall be dissolved and liquidated in accordance with law upon occurrence of any of the following events:

(i) a resolution for dissolution is passed by a shareholders' general meeting;

(ii) dissolution is necessary due to a merger or division of the Company; or

(iii) the Company is declared bankruptcy because it is unable to pay the debt maturity.

A liquidation group shall be set up within 15 days after the events under (i) take place. The liquidation group of the Company shall comprise persons appointed by the Board or the shareholders' meeting. If the liquidation group is not set up within the stipulated period of time, creditors may request the People's Court to designate the relevant personnel to form a liquidation group to conduct the liquidation.

When the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay all its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in general meeting for the liquidation of the Company, all functions and powers of the Board shall cease.

The liquidation group shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the group's receipts and payments, the business of the Company and the progress of the liquidation, and to present a final report to the shareholders general meeting on completion of the liquidation.

The liquidation group shall within 10 days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement in a newspaper at least three times.

The liquidation group shall carry out registration of creditors' rights so reported.

During the liquidation period, the liquidation group shall exercise the following functions and powers:

(i) sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;

(ii) notify all creditors by notice or public announcement;

(iii) dispose of and liquidate any relevant unfinished business matters of the Company;

(iv) pay all outstanding taxes and taxes generated during the liquidation;

(v) settle claims and debts;

(vi) deal with assets remaining after the Company's debts having been paid in full; and

(vii) represent the Company in any civil proceedings.

The liquidation committee shall thoroughly examine the assets of the Company and prepare a balance sheet and an inventory of assets. Upon completion, the liquidation committee shall draw up a proposal for liquidation and submit the same to the shareholders' meeting and the relevant authority in charge for confirmation.

If the company is liquidated by reason of dissolution and the liquidation committee, having thoroughly examined the Company's assets and having prepared a balance sheet and assets list, discovers that the Company's assets are insufficient to pay the company's debts in full, it shall immediately apply to the People's Court for a declaration of bankruptcy.

After the People's Court has declared the Company bankrupt, the company's liquidation committee shall turn over any matters regarding the liquidation to the People's Court.

Following the completion of liquidation, the liquidation group shall present a report on liquidation and prepare a statement of the receipts and payments during the period of liquidation and financial books and records that shall be audited by the PRC certified public accountants and submitted to the shareholders' general meeting or the relevant governing authority for confirmation.

The liquidation group shall also, within 30 days of such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

OTHER PROVISIONS MATERIAL TO THE COMPANY OR ITS SHAREHOLDERS

General provisions

The Company is a joint stock limited company of perpetual existence.

The Company may invest in other enterprises. But the Company shall not become the contributor who bears joint and several liabilities for enterprises in which it invests, save as laws provided otherwise.

The Articles of Association constitute a legal document regulating the relationship between the Company and each of its shareholders and among the shareholders interest, actionable by a shareholder against the Company and *vice versa* and by shareholders against each other in respect of rights and obligations concerning the affairs of the Company arising out of the Articles of Association. The shareholders may also bring actions against the Directors, Supervisors, president, and other senior officers of the Company. For the purposes of the Articles of Association, actions include court proceedings and arbitration proceedings.

Shares and transfers

Foreign investors mean those investors of foreign countries and regions of Hong Kong, Macau and Taiwan who subscribe for Shares issued by the Company; domestic investors referred to in the preceding paragraph mean those investors within the territory of the PRC (excluding investors of the regions referred to in the preceding sentence) who subscribe for Shares issued by the Company.

The Company may increase its capital in the following ways:

(i) offering new shares to non-specially-designated investors for subscription;

(ii) placing new Shares to its existing shareholders;

(iii) allotting bonus Shares to its existing shareholders;

(iv) converting the reserve fund into capital; and

(v) any other ways permitted by laws and administrative regulations;

The Company's increase of capital by issuing new Shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

The Company may reduce its registered capital in accordance with the provisions of the Articles of Association.

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of the date of the resolution for reduction of its registered capital, and shall make a public announcement in a newspaper within ten days following the date of such resolution. A creditor has the right, within 30 days of receiving the notice or, in the case of such notice not being received, within 45 days of the date of the first public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debts.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

Subject to the approval of the securities authority of the State Council, shares of our company held on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

Shareholders

A shareholder of the Company is a person who lawfully holds Shares and has his name recorded on the register of shareholders. A shareholder enjoys rights, and is subject to obligations, according to the class and number of Shares he holds. Holders of the same class of Shares enjoy the same rights and are subject to the same obligations.

Unless specified otherwise in the Articles of Association, the holders of Domestic Shares and Foreign Shares are ordinary shareholders with the same rights and subject to the same obligations. The ordinary shareholders of the Company shall enjoy the following rights:

(i) the right to dividends and other distributions in proportion to the number of Shares held by him;

(ii) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;

(iii) the right to supervise the Company's business operations, and the right to present proposals and inquiries;

(iv) the right to transfer, give or pledge Shares in accordance with the laws, administrative regulations and the Articles of Association;

(v) the right to obtain relevant information in accordance with the provisions of the Articles of Association;

(vi) in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of Shares held by him or her; and

(vii) other rights conferred by laws, administrative regulations and the Articles of Association.

The Company shall not freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

The ordinary shareholders of the Company shall have the following obligations:

(i) to abide by the Articles of Association;

(ii) to pay subscription monies in accordance with the number of Shares subscribed and the method of subscription; and

(iii) other obligations imposed by laws, administrative regulations and the Articles of Association.

A shareholder is not be liable to make any further contribution to the share capital other than the terms agreed when making the subscription of the shares.

Share certificates of the Company shall be in registered form.

Share certificates of the Company shall be signed by the Chairman of the Company's board of directors. Where the stock exchanges on which Shares are listed require the share certificates to be signed by senior officers of the Company, the share certificates shall also be signed by such senior officers.

The share certificates shall take effect after being affixed with the Company's seal or a machine-imprinted seal of the Company provided that such seal shall only be affixed with the authority of the

Board of Directors. The signatures of the Chairman of the Board or other senior officers of the Company on the Share certificates may be printed in mechanical form.

Any person who is a registered shareholder or who requests to have his name (title) entered into the register of shareholders may, if his share certificate (the "original certificate") in respect of shares in the Company is lost, apply to the Company for a replacement new share certificate in respect of such shares (the "Relevant Shares").

If a holder of Domestic Shares loses his share certificate and applies for a replacement new share certificate, it shall be dealt with in accordance with relevant provisions of the Company Law.

If a shareholder of Foreign Shares listed in Hong Kong loses his share certificate and applies for a replacement new share certificate, the issue of such certificate shall comply with the following requirements:

(i) the applicant shall submit an application to the Company in the form prescribed by the Company accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss of the original certificate and declaring that no other person is entitled to be registered as a shareholder in respect of the Relevant Shares;

(ii) before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that he shall be registered as a shareholder in respect of the Relevant Shares has been received;

(iii) the Company shall, if it decides to issue a replacement new share certificate to the applicant, make an announcement of its decision at least once every 30 days for a period of 90 days in such newspapers as may be designated by the Board;

(iv) the Company shall have, prior to publication of its decision to issue a replacement new share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited in the premises of the stock exchange. The announcement shall be exhibited in the premises of the stock exchange for a period of 90 days;

    In the case of an application to issue a replacement new certificate being made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published;

(v) if, by the expiration of the 90-day period referred to in above (iii) and (iv), the Company have not received from any person notice of any disagreement with such application, the Company may issue a replacement new share certificate to the applicant accordingly;

(vi) when the Company issues a replacement new share certificate under the Articles of Association, it shall forthwith cancel the original share certificate and enter the cancellation and replacement issue in the register of shareholders accordingly; and

(vii) all expenses relating to the cancellation of an original share certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant for such expenses.

Untraceable members

The Company may exercise power to cease sending dividend warrants by post to a holder of foreign shares listed overseas when such warrants have not be cashed twice in a row. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company shall not exercise power to sell the shares of a shareholder who is untraceable unless:

(i) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

(ii) on expiry of the 12 years the Company, after approval by the securities regulatory authority of the State Council, gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Stock Exchange of such intention.

The Board of Directors

The board of Directors shall be accountable to the general meeting of the shareholders, and shall exercise the following functions and powers:

(i) convene general meetings and report on its work to the shareholders;

(ii) implement the resolutions of general meetings;

(iii) decide on the Company's business plans and investment plans;

(iv) formulate the Company's proposed annual financial budget and final accounts;

(v) formulate the Company's profit distribution plan and plan for making up for losses;

(vi) formulate proposals for the increase or reduction of the Company's registered capital, the issue of corporate bonds or other securities and the listing plan;

(vii) prepare plans for material acquisition, purchase of the Company's shares, merger, demerger, dissolution or change of the form of the Company;

(viii) decide on the establishment of the Company's internal management structure;

(ix) appoint or dismiss the Company's president, the secretary of the Board, the chairman of the special committee of the Board and pursuant to the president's nominations to appoint or dismiss other senior officers of the Company and to decide on their remuneration and benefits;

(x) formulate the Company's basic management system;

(xi) formulate plans for the amendment of the Company's Articles of Association;

(xii) deal with disclosures of information on the Company;

(xiii) propose to the shareholders' general meetings the appointment or replacement of the auditor of our Company; and

(xiv) exercise other functions and powers conferred at general meetings and by the laws, regulations, listing rules of the place where the Company's stock are listed and the Articles of Association, except for those that should be exclusively decided by the general meeting, and to decide other material issues in ordinary business and administration and enter into material contracts.

Resolutions relating to the above, with the exception of items (vi), (vii) and (xi) above which shall require the consent of more than two thirds of the Directors, shall require the consent of more than half of the Directors.

Meetings of the Board shall be held regularly at least four times in each year and shall be convened by the Chairman of the Board of Directors. A quorum will be formed by more than half of the Directors attending in person or appointing another Director as his attorney.

If a Director is unable to attend a board meeting, he may appoint another Director by a written power of attorney to attend on his behalf. Such a power of attorney shall specify the scope of authorisation.

A director shall be deemed to be unable to carry out his duties if he or she fails to attend two consecutive board meetings in person and fails to appoint an alternate director to attend board meetings on his behalf. The Board shall propose at the shareholders' general meeting the removal of such director.

Directors attending board meetings shall exercise their powers as directors within their scope of authorisation. If a Director fails to attend a board meeting and does not appoint an attorney to attend, the Director is deemed to have relinquished his rights to vote at that meeting.

Each Director shall have one vote. Unless specified otherwise in the Articles of Association, resolutions of the board of directors must be passed by more than half of all the Directors. Where the numbers of votes cast for and against a resolution are equal.

If the Board of Directors makes any resolutions concerning self-dealing, such resolutions shall not be effective without the signature of the independent directors.

Secretary of the Board of Directors

The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. His primary responsibilities include:

(i) to arrange the shareholder's general meeting and the meetings of the Board and take care of the documents;

(ii) to ensure that the Company has complete organisational documents and records;

(iii) to ensure the Company prepares and submits the required reports and documents to the relevant authorities according to the law;

(iv) to ensure that the register of shareholders is adequately kept, and to ensure that persons who have the right to obtain the Company's relevant records and documents can promptly obtain these records and documents;

(v) to organise the information disclosure of the Company and make sure such disclosure is prompt, accurate, legal, true and integrated;

(vi) to record the items of the meetings of the Board, sign the resolutions and be responsible for such records;

(vii) to be responsible for the secrecy of the sensitive information and to establish effective secrecy systems and measures; and

(viii) to make sure the Company's documents are in compliance with relevant laws and bear other responsibilities provided by Articles of Association and listing rules of place where the Company's stock is listed.

Supervisory committee

The Company shall have a supervisory committee.

The supervisory committee shall be composed of 7 members, one of whom shall be the chairman of the supervisory committee.

The election or removal of the chairman of the supervisory committee shall be decided by two-thirds or more of the supervisors. Decisions of the supervisory committee shall be made by the affirmative vote of two-thirds or more of the Supervisors.

The term of office of Supervisors shall be three years, renewable upon re-election.

The Directors, president, and financial officer of the Company shall not act concurrently as Supervisors.

The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with law:

(i) examine the Company's financial situation;

(ii) supervise the directors and senior officers in their performance of duties and to propose the removal of directors and senior officers who have contravened any law, regulations, the Articles of Association or shareholders' resolutions;

(iii) demand any director and senior officer of the Company who acts in a manner which is harmful to the Company's interests to rectify such behaviour;

(iv) check the financial reports, business reports and the profit distribution program planned to be submitted to the shareholder's general meeting by the Board of the Directors and may appoint the registered accountants and practicing auditors on the behalf of the Company to reexamine if there are any doubt;

(v) propose to convene a shareholders' extraordinary general meeting, and to convene and preside over shareholders' general meetings when the Board fails to perform the duty of convening and presiding over the general meeting in accordance with the Company Law;

(vi) propose resolutions at a shareholders' general meeting; and

(vii) other functions and powers provided by the Articles of Association.

Supervisors shall be present at meetings of the Board.

President

The Company shall have one president, who shall be appointed and dismissed by the Board.

The president shall be accountable to the Board and exercise the following functions and powers:

(i) be in charge of the Company's production, operation and management and to organise the implementation of the resolutions of the Board;

(ii) organise the implementation of the Company's annual business plan and investment plan;

(iii) draft plans for the establishment of the Company's internal management structure;

(iv) draft the Company's basic management system;

(v) formulate basic rules and regulations of the Company;

(vi) propose the appointment or dismissal of the Company's vice president (deputy general manager) and chief financial officer (financial principal);

(vii) appoint or dismiss management personnel except for those appointed or dismissed by the Board; and

(viii) other functions and powers conferred by the Articles of Association and the Board.

Common reserve fund

When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits to its statutory common reserve fund. When the cumulative amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocation is required.

When the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also allocate funds from the after-tax profits to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings, except as is stipulated in the Articles of Association that profit distributions shall not be made in accordance with the shareholding proportion.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraph, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the company.

No profits shall be distributed in respect of the shares held by the Company.

The common reserve fund of the Company shall be used to make up for its losses, increase the scale of production and operation of the Company or convert the same into the capital of the Company to increase the amount thereof, provided that the capital common reserve fund shall not be applied to making up the losses of the Company.

At the time of converting the statutory common reserve fund into registered capital, the amount retained in such common reserve fund shall not be less than 25% of the registered capital before the said conversion.

Settlement of disputes

The Company shall act according to the following principles to settle disputes:

(i) whenever any disputes or claims arise between holders of the Foreign Shares and the Company, holders of the Foreign Shares and the Directors, Supervisors, president or other senior officers, or holders of the Foreign Shares and holders of Domestic Shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or any other laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration;

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall abide by the arbitration, provided that such person is the Company or the Company's shareholder, Director, Supervisor, president or other senior officer;

Disputes in relation to the definition of shareholders and disputes in relation to the shareholders' register need not be resolved by arbitration;

(ii) a claimant may elect arbitration at the CIETAC or the HKIAC in accordance with the arbitration rules of the chosen arbitral body. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant;

(iii) if a claimant elects arbitration at HKIAC, either party may submit that the arbitral proceeding be initiated in Shenzhen in accordance with the rules and requirements of HKIAC;

(iv) if any disputes or claims of rights are settled by way of arbitration in accordance with the above (i), the laws of China shall apply, save as otherwise provided in laws and administrative regulations; and

(v) the award of an arbitral body shall be final, conclusive and binding on all parties.

FURTHER INFORMATION ABOUT THE COMPANY

Incorporation

We were established in the PRC under the name of BBMG Corporation as a joint stock company on 22 December 2005 by the Promoters in accordance with the provisions set out in the PRC Company Law. We obtained a business licence (Registration No. 1100001922263) issued by the Beijing Administration for Industry and Commerce (北京市工商行政管理局) on 22 December 2005. We established a principal place of business in Hong Kong at Room 904, Wah Ying Cheong Central Building, 158-164 Queen's Road Central, Hong Kong and registered on 4 November 2008 as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance. Lau Fai Lawrence has been appointed as the agent of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we were established in the PRC, we are subject to (i) the relevant laws and regulations of the PRC and (ii) our Articles of Association. Certain relevant aspects of the relevant laws and regulations of the PRC and certain relevant parts of our Articles of Association are set out in Appendices VI and VII to this prospectus, respectively.

Changes in the share capital of the Company

As at the date of our establishment as a joint stock limited company, our Company's initial registered share capital was RMB1,800,000,000 divided into 1,800,000,000 Shares of RMB1.0 each, all of which were fully paid and were by the Promoters as follows:

Name of Promoters	Number of Domestic Shares	Approximate percentage of shareholding
Parent	1,095,120,000	60.84%
Sinoma	239,580,000	13.31%
Beifang Real Estate	136,800,000	7.60%
Tianjin Building Materials	123,120,000	6.84%
Hopeson	205,380,000	11.41%
Total	**1,800,000,000**	**100.0%**

Pursuant to a resolution of an extraordinary meeting of Shareholders of our Company on 29 February 2008, our Company increased its capital to RMB2,800,000,000 divided into 2,800,000,000 Shares of RMB1.0 each. Sinoma, Hopeson, Beifang Real Estate and Tianjin Building Materials forfeited their rights to subscribe for the increased portion of our registered capital. Instead, we issued the additional Shares to five new investors. On 28 September 2008, Beifang Real Estate transferred all its 136,800,000 Shares in our Company to our Parent for a consideration of approximately RMB228.7 million, and Beifang Real Estate was no longer our Shareholder as a result of such transfer. Upon completion of the subscription for the increase portion of our registered capital and the transfer of our Shares by Beifang Real Estate to our Parent, our shareholding structure was as follows and remained the same as at the Latest Practicable Date.

Name of Shareholders	Number of Shares	Approximate percentage of shareholding
Parent	1,840,320,000	65.73%
Sinoma	239,580,000	8.56%
Hopeson	205,380,000	7.34%
New Horizon Jasmine	133,100,000	4.75%
Tianjin Building Materials	123,120,000	4.40%
China Cinda	76,000,000	2.71%
Hua Xi Xin Yu	68,400,000	2.44%
Runfeng Investment Group	60,000,000	2.14%
Beijing Taihong Investment	54,100,000	1.93%
Total	**2,800,000,000**	**100.0%**

Assuming the Global Offering becomes unconditional, immediately following completion of the Global Offering, but without taking into account any H Shares that may be issued on exercise of the Over-allotment Option, the share capital of our Company will be RMB3,733,333,000, comprising 2,377,998,282 Domestic Shares, 338,480,000 unlisted Foreign Shares and 1,016,854,718 H Shares, representing approximately 63.69%, 9.07% and 27.24% of the share capital of our Company, respectively.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company since its establishment.

Resolutions of the Company's Shareholders passed on 6 August 2008

At an extraordinary general meeting of Shareholders of our Company held on 6 August 2008, the following resolutions, among others, were duly passed:

- the approval of our new Articles of Association, which will come into effect upon the Listing;
- conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the H Shares to be issued as mentioned herein; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of such agreements or otherwise,

  (i) the approval of the issue of H Shares and the granting of the Over-allotment Option;

  (ii) the approval of the listing of the H Shares on the Stock Exchange; and

(iii) the authorization of our Board to do any act and to sign any agreements, deeds or documents as they think necessary for the purpose of the Global Offering.

CORPORATE REORGANISATION

The companies comprising our Group underwent the Reorganisation in preparation for the listing of our H Shares on the Stock Exchange. The Reorganisation involved, among other things, the following:

- On 7 December 2005, Beijing SASAC issued an approval approving our Parent's proposal relating to the Reorganisation.
- On 19 December 2005, our Promoters entered into a promoters' agreement for the establishment of the Company.
- On 22 December 2005, Beijing Municipal Commission of Development and Reform (北京市發展和改革委員會) issued an approval approving the registered capital of our Company and our Promoters' equity interests therein.
- On 7 December 2005, Beijing SASAC issued an approval approving the scheme for management of State-owned shares.
- On 7 February 2006, MOFCOM issued an approval approving the establishment of our Company by the Promoters.
- On 22 December 2005, Beijing Administration for Industry and Commerce (北京市工商行政管理局) issued a new business licence to us and we were established as a joint stock company.
- On 6 August 2008, Beijing Government issued an approval for us to list on the Main Board of the Stock Exchange.
- On 22 August 2008, SASAC issued an approval approving the scheme for management of State-owned shares and reduction of the State-owned shares of our Parent.
- On 11 August 2008, an application was made to CSRC for the issue and listing of our H Shares on the Stock Exchange.
- On 22 June 2009, CSRC issued an approval document approving the issue and listing of our H Shares on the Stock Exchange.

Our subsidiaries

Our subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

The following changes in the share capital of the subsidiaries of our Company took place during the two year period preceding the date of this prospectus:

(1) On 3 August 2007, the registered capital of Beijing BBMT-Wuhuan Cement Distribution Co., Ltd. (北京建貿五環水泥配送有限公司) was increased from RMB2,000,000 to RMB15,100,000.

(2) On 15 November 2007, the registered capital of Beijing BPCP Sanbei Energy Power Machinery Co., Ltd. (北京北陶三北能源動力機械有限公司) was increased from RMB480,000 to RMB528,000.

(3) On 30 November 2007, the registered capital of Beijing Tongda Refractory Technology Company (北京通達耐火技術有限公司) was increased from RMB35,650,000 to RMB59,416,700. On 28 December 2007, Beijing Tongda Refractory Technology Company (北京通達耐火技術有限公司) was converted into a joint stock company and renamed to Tongda Refractory, and its registered capital was increased from RMB59,416,700 to RMB119,060,000. On 20 August 2008, the registered capital of Tongda Refractory was further increased from RMB119,060,000 to RMB125,326,315.

(4) On 28 December 2007, the registered capital of Dingxin Cement was increased from RMB435,000,000 to RMB550,000,000. On 29 December 2008, the registered capital of Dingxin Cement was further increased from RMB550,000,000 to RMB650,000,000.

(5) On 24 January 2008, the registered capital of Beijing Light-weigh Building Materials Co., Ltd. (北京市輕型建築材料有限責任公司) was increased from RMB27,454,000 to RMB28,921,200.

(6) On 29 January 2008, the registered capital of Beijing Century Jingzhongyuan Porcelain and Ceramic Fittings Co., Ltd. (北京世紀京中源陶瓷配套有限公司) was increased from RMB2,594,200 to RMB10,000,000.

(7) On 30 April 2008, the registered capital of Taihang Huaxin was reduced from RMB591,020,000 to RMB588,020,000.

(8) On 8 May 2008, the registered capital of Tiantan Furniture was reduced from RMB96,898,359 to RMB87,094,469.

(9) On 27 May 2008, the registered capital of Gongyi Tongda Technology was increased from RMB1,500,000 to RMB10,500,000.

(10) On 28 October 2008, the registered capital of BBMG Concrete was increased from RMB42,137,600 to RMB42,854,395.

(11) On 11 November 2008, the registered capital of Beijing Jianzong Building Installation and Engineering Co., Ltd. (北京建總建築安裝工程有限公司) was increased from RMB6,011,000 to RMB20,011,000.

(12) On 17 November 2008, the registered capital of Great Wall Furniture was increased from RMB26,095,700 to RMB62,585,800. On 30 December 2008, the registered capital of Great Wall Furniture was further increased from RMB62,585,800 to RMB66,135,800.

(13) On 24 December 2008, the registered capital of Beijing Dajiangnan International Hotel Management Co., Ltd. (北京大江南國際酒店管理有限責任公司) was increased from RMB200,000 to RMB1,500,000.

(14) On 30 March 2009, the registered capital of Beijing Jiantuo Engineering Management Co., Ltd. (北京建拓工程管理有限公司) was increased from RMB1,000,000 to RMB3,000,000.

(15) On 20 May 2009, the registered capital of BBMG Property Management was increased from RMB1,010,000 to RMB10,000,000.

Save as disclosed in this prospectus, there has been no other changes in the registered capital of any of our subsidiaries during the two year period preceding the date of this prospectus.

FURTHER INFORMATION ABOUT THE BUSINESS

Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) are or may be material and have been entered into by us within the two years preceding the date of this prospectus:

a. a joint venture agreement dated 28 August 2007 entered into between our Company and USG ChinaLux S.à.r.l. (優時吉中盧有限責任公司), pursuant to which we agreed to establish a sino-foreign joint venture, Star-USG Building Materials; a supplemental agreement and a second supplemental agreement dated 30 September 2007 and 30 October 2007, respectively, entered into between our Company and USG ChinaLux S.à.r.l. (優時吉中盧有限責任公司);

b. an equity interest transfer agreement dated 8 November 2007 between Beijing Xinkaisha Property Management Centre (北京鑫凱廈物業管理中心) and BBMT, pursuant to which BBMT acquired all equity interest in value of RMB510,000 in Beijing Jianda Plaza Property Management Co., Ltd. (北京建達大廈物業管理有限責任公司) at nil consideration;

c. an equity interest transfer agreement dated 8 November 2007 between Beijing New Building Materials Supply Co., Ltd. (北京市新型建築材料供應公司) and BBMT, pursuant to which BBMT acquired all equity interest in value of RMB5,443,900 in BBMT-Xinke at nil consideration;

d. an asset swap agreement dated 3 December 2007 between our Parent and our Company, pursuant to which, (a) our Parent acquired 100.0% equity interest in Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司), 100.0% of the equity interest in Beijing Jingshi-Huaxin Stone Industry Co., Ltd. (北京京石華信石業有限公司), 100.0% of the equity interest in Beijing Furunwu Building Materials Supply and Sales Co., Ltd. (北京富潤屋建築材料供銷有限責任公司), 100.0% of the equity interest in Beijing Building Hardware Decoration Materials Industry Co., Ltd. (北京市建築五金裝飾材料工業有限公司), 100.0% of the equity interest in Beijing Doors and Windows Co., Ltd. (北京市門窗有限公司), 100.0% of the equity interest in Beijing Lvdushangke Science and Technology Co., Ltd. (北京綠都尚科科技有限公司), 100.0% of the equity interest in Beijing Nanhu Business Development Co., Ltd. (北京市南湖商務有限公司), 100.0% of the equity interest in Beijing Yanshan, 100.0% of the equity interest in Beijing Yaxin Special Building Materials Co., Ltd. (北京亞新特種建材有限責任公司), 100.0% of the equity interest in Beijing Fumin House Co., Ltd. (北京富民住房股份有限公司), 100.0% of the equity interest in Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司), entire interest in Beijing Building Materials Boiler and Pressure Vessel Supervision and Inspection Institution (北京市建材鍋爐壓力容器檢驗所), entire interest in Beijing Building Materials Industry Metrological Supervision Institute (北京市建築材料工業計量管理所), 100.0% of the equity interest in Beijing Building Materials Boiler Installation Co., Ltd. (北京建材鍋爐安裝有限責任公司), 100.0% of the equity interest in Beijing Shuiji Science and Technology Trade Co., Ltd. (北京水機科貿有限公司), 100.0% of the equity interest in Beijing Zhongweisenhai Property Management Co., Ltd. (北京中威森海物業管理有限公司), 100.0% of the equity interest in Beijing Oakland Building Waterproofing Materials Co., Ltd. (北京奧克蘭建築防水材料有限公司), 100.0% of the equity interest in Beijing Jinchao Decoration Materials Co., Ltd. (北京市金巢裝飾材料有限公司), 100.0% of the equity interest in Beijing Decoration Paper Plant Co., Ltd. (北京市裝飾紙廠有限責任公司), 100.0% of the equity interest in Beijing Pinggu and 100.0% of the equity interest in Jinhaiyan Glass Wool from our Group, and BBMG Assets Operation and Management Co., Ltd. (北京金隅資產經營管理有限公司) acquired 75.23% of the equity interest in Beijing Xinshan Mineral Industry Co., Ltd. (北京鑫山礦業有限責任公司) and 97.08% of the equity interest in Beijing Xinyuan Mineral Industry Co., Ltd. (北京新元礦業有限責任公司) from our Group for an aggregate consideration of RMB263,871,700, and (b) our Company acquired 100.0% of the equity interest in BBMT and 100.0% of the equity interest in Dachang BBMG from our Parent, and 0.67% of the equity interest in BBMG Mangrove Environmental from Beijing Hazardous Waste Materials Treatment Centre (北京市危險廢物處置中心) for an aggregate consideration of RMB835,743,900. The difference of consideration in an amount of RMB571,872,200 was paid by our Company in cash to our Parent; a supplemental agreement dated 5 August 2008 between our Parent and our Company, pursuant to which, the consideration of our acquisition of 100.0% equity interest in BBMT from our Parent was reduced by RMB20,191,517; a second supplemental agreement dated 8 August 2008 between our Parent and our Company, pursuant to which, the consideration of our transfer of 100.0% equity interest in Beijing Building Decoration and Design Engineering Co., Ltd. (北京市建築裝飾設計工程有限公司) to our Parent was increased by RMB34,790,097.93;

e. an equity interest transfer agreement dated 5 December 2007 between our Company and China National Materials Storage and Transportation Corporation (中國物資儲運總公司), pursuant to which we acquired 50.0% of the equity interest in Beijing CMST-BBMG Logistics Co., Ltd. (北京中儲金隅物流有限公司) for a consideration of RMB1,500,000;

f. a joint venture agreement dated 11 December 2007 entered into between our Company and Hebei Tiantashan Building Materials Co., Ltd. (河北天塔山建材有限責任公司), pursuant to which we agreed to establish a PRC joint venture, Zanhuang Cement;

g. an equity interest transfer agreement dated 14 December 2007 between our Company and Beijing Xisha Assets Management Co., Ltd. (北京西砂資產經營有限公司), pursuant to which we acquired 20.1% of the equity interest in BBMG Concrete for a consideration of RMB18,437,000;

h. an equity interest transfer agreement dated 14 December 2007 between our Company and Liulihe Cement, pursuant to which we acquired 22.06% of the equity interest in BBMG Concrete for a consideration of RMB20,234,800;

i. an equity interest transfer agreement dated 14 December 2007 between Beijing Lvdushangke Science and Technology Co., Ltd. (北京綠都尚科科技有限公司) and BBMG Mangrove Environmental, pursuant to which BBMG Mangrove Environmental acquired 100.0% of the equity interest in Beijing Mangrove Environmental Protection Technology Engineering Co., Ltd. (北京紅樹林環保技術工程有限責任公司) for a consideration of RMB36,230,800;

j. an equity interest transfer agreement dated 14 December 2007 between our Company and BBMG Property Management, pursuant to which BBMG Property Management acquired 20.0% of the equity interest in Jinhuyuan Property Management for a consideration of RMB0.2;

k. an equity interest transfer agreement dated 14 December 2007 between BBMG Property Management and Beijing Nanhu Business Development Co., Ltd. (北京市南湖商務有限公司), pursuant to which BBMG Property Management acquired 80.0% of the equity interest in Jinhuyuan Property Management for a consideration of RMB0.5;

l. an equity interest transfer agreement dated 14 December 2007 between BBMG Property Management and Beijing Xinqing Property Management Co., Ltd. (北京市新輕物業管理有限責任公司), pursuant to which BBMG Property Management acquired 49.0% of the equity interest in BBMG Jiahua Property Management Co., Ltd. (北京金隅嘉華物業管理有限公司) for a consideration of RMB940,500;

m. an equity interest transfer agreement dated 14 December 2007 between BBMG Property Management and Beijing GEM, pursuant to which BBMG Property Management acquired 51.0% of the equity interest in BBMG Jiahua Property Management Co., Ltd. (北京金隅嘉華物業管理有限公司) for a consideration of RMB978,800;

n. an equity interest transfer agreement dated 14 December 2007 between Beijing Furunwu Building Materials Supply and Sales Co., Ltd. (北京富潤屋建築材料供銷有限責任公司) and Beijing GEM, pursuant to which Beijing GEM acquired 30.0% of the equity interest in Beijing Jinyexincheng Property Management Co., Ltd. (北京市金業新城物業管理有限責任公司) for a consideration of RMB215,400;

o. an equity interest transfer agreement dated 14 December 2007 between BBMA and Beijing Jindingli New Materials Technology Academy (北京市金鼎麗新材料技術研究所), pursuant to which BBMA acquired 15.19% of the equity interest in Jinzhiding for a consideration of RMB1,911,900;

p. an equity interest transfer agreement dated 31 January 2008 between our Company and Central Glass Co., Ltd. (中央硝子株式會社), pursuant to which we acquired 51.0% of the equity interest in Sanchong Mirrors for a consideration of RMB2,942;

q. a share subscription agreement dated 18 February 2008 between our Company and New Horizon Jasmine, pursuant to which New Horizon Jasmine subscribed 133.1 million of our Shares at subscription price of RMB346,060,000;

r. a share subscription agreement dated 18 February 2008 between our Company and China Cinda, pursuant to which China Cinda subscribed 76.0 million of our Shares at subscription price of RMB197,600,000;

s. a share subscription agreement dated 18 February 2008 between our Company and Hua Xi Xin Yu, pursuant to which Hua Xi Xin Yu subscribed 68.4 million of our Shares at subscription price of RMB177,840,000;

t. a share subscription agreement dated 18 February 2008 between our Company and our Parent, pursuant to which our Parent subscribed 608.4 million of our Shares at subscription price of RMB1,581,840,000;

u. a share subscription agreement dated 3 March 2008 between our Company and Runfeng Investment, pursuant to which Runfeng Investment subscribed 60.0 million of our Shares at subscription price of RMB156,000,000;

v. a share subscription agreement dated 3 March 2008 between our Company and Beijing Taihong Investment, pursuant to which Beijing Taihong Investment subscribed 54.1 million of our Shares at subscription price of RMB140,660,000;

w. an equity interest transfer agreement dated 4 May 2008 between our Company and Beijing GEM, pursuant to which Beijing GEM acquired equity interest in value of RMB10,000,000 in Beijing Jihongfengrun;

x. an equity interest transfer agreement dated 28 May 2008 between Shijiazhuang Branch of China Huarong Asset Management Corporation (中國華融資產管理公司石家莊辦事處) and our Company, pursuant to which we acquired 33.33% of the equity interest in Taihang Huaxin for a consideration of RMB145,125,000;

y. an equity interest transfer agreement dated 10 July 2008 between our Company and our Parent, pursuant to which we acquired 36.77% of the equity interest in Liulihe Cement for a consideration of RMB171,233,771.76;

z. an equity interest transfer agreement dated 10 July 2008 between our Parent and Tongda Refractory pursuant to which Tongda Refractory acquired 75.0% of the equity interest in Gongyi Tongda Technology for a consideration of RMB26,002,500;

aa. an equity interest transfer agreement dated 24 March 2008 between Mr. Xianming Li (李獻明) and Tongda Refractory, pursuant to which Tongda Refractory acquired 25.0% of the equity interest in Gongyi Tongda Technology for a consideration of RMB8,667,500, as supplemented by a supplemental agreement dated 9 May 2008 between Mr. Xianming Li (李獻明) and Tongda Refractory;

bb. an assets transfer agreement dated 30 May 2008 between Dingxin Cement and Beijing Pinggu, pursuant to which Beijing Pinggu acquired the target asset from Dingxin Cement for a consideration of RMB130,350,400;

cc. a share subscription agreement dated 11 July 2008 between Tongda Refractory and Zhengzhou Julong Investment Corporation (鄭州巨龍投資股份有限公司), pursuant to which Zhengzhou Julong Investment Corporation (鄭州巨龍投資股份有限公司) subscribed 6,266,315 new shares issued by Tongda Refractory, representing 5.0% of the equity interest in Tongda Refractory at a subscription price of RMB6,266,315, and Zhengzhou Julong Investment Corporation (鄭州巨龍投資股份有限公司) paid up an additional amount of RMB1,455,027 as capital surplus reserve of Tongda Refractory;

dd. a merger agreement dated 8 September 2008 between Great Wall Furniture and Beijing Beima House Leasing Co., Ltd. (北京北瑪房屋租賃有限責任公司), pursuant to which Beijing Beima House

Leasing Co., Ltd. (北京北瑪房屋租賃有限責任公司) would be merged with Great Wall Furniture and with Great Wall Furniture being the surviving entity;

ee. an equity interest transfer agreement dated 15 October 2008 between our Parent and our Company, pursuant to which we acquired 25.3% of the equity interest in Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司) and the consideration amount was offset by the debt amount owed by our Parent to our Company;

ff. an equity interest transfer agreement dated 16 October 2008 between our Parent and our Company, pursuant to which we acquired 25.0% of the equity interest in Beijing Gaoling and the consideration amount was offset by the debt amount owed by our Parent to our Company;

gg. an equity interest transfer agreement dated 20 October 2008 between Beijing Mangrove Environmental Protection Technology Engineering Co., Ltd. (北京紅樹林環保技術工程有限責任公司) and BBMG Fengshan Resort, pursuant to which BBMG Fengshan Resort acquired 40.0% of the equity interest in Beijing Partner Advertising Co., Ltd. (北京博特納廣告有限公司) for a consideration of RMB200,000;

hh. an equity interest transfer agreement dated 18 December 2008 between Beijing Jianda Plaza Property Management Co., Ltd. (北京建達大廈物業管理有限責任公司) and BBMT, pursuant to which BBMT acquired 70.0% of the equity interest in Beijing Dajiangnan International Hotel Management Co., Ltd. (北京大江南國際酒店管理有限責任公司) at nil consideration;

ii. an equity interest transfer agreement dated 15 April 2009 between Great Wall Furniture and Beijing Beima House Leasing Co., Ltd. (北京北瑪房屋租賃有限責任公司), pursuant to which Great Wall Furniture acquired entire equity interest in the value of RMB502,000 in Beijing Yongleju Property Management Co., Ltd. (北京永樂居物業管理有限公司);

jj. a capital transfer agreement dated 25 April 2009 between Beijing GEM and our Company, pursuant to which we acquired Beijing GEM's capital contribution in the value of RMB404,000 in BBMG Property Management;

kk. an assets transfer agreement dated 30 June 2009 between Beijing Pinggu and Dingxin Cement, pursuant to which Dingxin Cement acquired a cement production line from Beijing Pinggu for a consideration based on the appraised value;

ll. the Non-Competition Agreement;

mm. the Deed of Indemnity;

nn. a corporate investor agreement dated 10 July 2009 and entered into by and among Best Investment Corporation, UBS, Macquarie, J.P. Morgan and our Company pursuant to which Best Investment Corporation will subscribe for H Shares for the aggregate purchase price of up to US$35,000,000 at the Offer Price;

oo. a corporate investor agreement dated 10 July 2009 and entered into by and among OZ Management LP (for and on behalf of OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd., and OZ Global Special Investments Master Fund, L.P.), UBS, Macquarie, J.P. Morgan and our

Company pursuant to which OZ Management LP will subscribe for H Shares for the aggregate purchase price of up to US$20,000,000 at the Offer Price;

pp. a corporate investor agreement dated 10 July 2009 and entered into by and among Bank of China Group Investment Limited, UBS, Macquarie, J.P. Morgan and our Company pursuant to which Bank of China Group Investment Limited will subscribe for H Shares for the aggregate purchase price of up to HK$387,500,000 at the Offer Price;

qq. a corporate investor agreement dated 10 July 2009 and entered into by and among Honeybush Limited, UBS, Macquarie, J.P. Morgan and our Company pursuant to which Honeybush Limited will subscribe for H Shares for the aggregate purchase price of up to US$20,000,000 at the Offer Price;

rr. a corporate investor agreement dated 10 July 2009 and entered into by and among China Life Insurance (Group) Company, UBS, Macquarie, J.P. Morgan and our Company pursuant to which China Life Insurance (Group) Company will subscribe for H Shares for the aggregate purchase price of up to HK$387,500,000 at the Offer Price; and

ss. the Hong Kong Underwriting Agreement.

Intellectual property

Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks in the PRC:

Serial No.	Trademark	Class	Registration No.	Registration Period	Registered Owner
1	长 城 CHANG CHENG	19	127916	1 March 2003 – 28 February 2013	Liulihe Cement
2	长城伴侣（图文）	1	3687687	7 July 2005 – 6 July 2015	Liulihe Cement
3	琉璃河（图文）	19	1178053	28 May 2008 – 27 May 2018	Liulihe Cement
4	琉璃河（拼音文字）	19	1178054	28 May 2008 – 27 May 2018	Liulihe Cement
5	ZENITH	19	1724890	7 March 2002 – 6 March 2012	Dingxin Cement
6		19	1676178	7 December 2001 – 6 December 2011	Dingxin Cement
7		20	127924	1 March 2003 – 28 February 2013	Tiantan Furniture
8		40	1744597	7 April 2002 – 6 April 2012	Tiantan Furniture
9		37	1723893	28 February 2002 – 27 February 2012	Tiantan Furniture
10		20	1375373	21 March 2000 – 20 March 2010	Tiantan Furniture
11		36	1744296	7 April 2002 – 6 April 2012	Tiantan Furniture
12	天壇（文字）	20	1701075	21 January 2002 – 20 January 2012	Tiantan Furniture
13	天壇（圖形）	20	979992	14 April 2007 – 13 April 2017	Tiantan Furniture
14	天壇（圖形）	36	989868	21 April 2007 – 20 April 2017	Tiantan Furniture

Serial No.	Trademark	Class	Registration No.	Registration Period	Registered Owner
15	天壇（圖形）	7	975019	7 April 2007 – 6 April 2017	Tiantan Furniture
16	天壇（圖形）	35	983511	14 April 2007 – 13 April 2017	Tiantan Furniture
17	天壇（圖形）	37	1007992	14 May 2007 – 13 May 2017	Tiantan Furniture
18	TIANTAN	20	1701074	21 January 2002 – 20 January 2012	Tiantan Furniture
19	環貿中心	36	4558095	21 October 2008 – 20 October 2018	BBMG Global Trade branch of BBMG Property Management (北京金隅物業管理有限責任公司金隅環貿分公司)
20	长城	20	1484970	7 December 2000 – 6 December 2010	Great Wall Furniture
21	长 城	20	1484969	7 December 2000 – 6 December 2010	Great Wall Furniture
22	长城（文字、图形）	20	813411	7 February 2006 – 6 February 2016	Great Wall Furniture
23	长城（文字、图形、拼音）	20	151788	1 March 2003 – 28 February 2013	Great Wall Furniture
24	北木	19	3092430	7 May 2007 – 6 May 2017	Woodworking Factory
25		19	1057140	21 July 2007 – 20 July 2017	Woodworking Factory
26		19	309220	28 February 2008 – 27 February 2018	BSBM
27		17	1154774	28 February 2008 – 27 February 2018	BSBM
28		17	1350019	7 January 2000 – 6 January 2010	BSBM
29	星牌	19	383613	28 February 2008 – 27 February 2018	BSBM
30	星	17	1350020	7 January 2000 – 6 January 2010	BSBM

Serial No.	Trademark	Class	Registration No.	Registration Period	Registered Owner
31	星牌	17	3279989	21 July 2004 – 20 July 2014	BSBM
32		6	1519399	7 February 2001 – 6 February 2011	BSBM
33		19	1676151	7 December 2001 – 6 December 2011	BSBM
34		11	1255537	14 March 1999 – 13 March 2009[1]	Beijing Building Hardware Scientific Research and Experiment Plant (北京市建築五金科研實驗廠)[2]
35	菱形牌	11	127905	1 March 2003 – 28 February 2013	Beijing Building Hardware Scientific Research and Experiment Plant (北京市建築五金科研實驗廠)[2]
36		6	1241545	21 January 1999 – 20 January 2009[1]	Beijing Building Hardware Scientific Research and Experiment Plant (北京市建築五金科研實驗廠)[2]
37		19	695706	28 June 2004 – 27 June 2014	BACP
38		19	570001	30 October 2001 – 29 October 2011	Beijing Modern Building Materials Company (北京市現代建築材料公司)[3]
39	翔	19	3959109	28 December 2006 – 27 December 2016	Xiang Brand Walling
40		19	3176400	21 July 2003 – 20 July 2013	Xiliu Building Materials
41	XI LIU	19	3176399	7 July 2003 – 6 July 2013	Xiliu Building Materials
42	西六	19	1389684	28 April 2000 – 27 April 2010	Xiliu Building Materials

Serial No.	Trademark	Class	Registration No.	Registration Period	Registered Owner
43		1	524964	30 July 2000 – 29 July 2010	BBMA
44	碧美	5	3194589	21 September 2003 – 20 September 2013	BBMA
45		17	524581	20 July 2000 – 19 July 2010	BBMA
46	金鼎	19	1372807	14 March 2000 – 13 March 2010	BBMA
47		19	1367826	28 February 2000 – 27 February 2010	BBMA
48	BBMA	19	3010347	21 March 2003 – 20 March 2013	BBMA
49		19	1074154	14 August 2007 – 13 August 2017	BBMA
50	金鼎	21	985907	21 April 2007 – 20 April 2017	BBMA
51	金鼎	22	960171	14 March 2007 – 13 March 2017	BBMA
52		22	960151	14 March 2007 – 13 March 2017	BBMA
53		42	1085893	21 August 2007 – 20 August 2017	BBMA
54		2	1903035	14 August 2002 – 13 August 2012	Maydos-Sanqi Coating
55	纳美 Nanomei	2	3525315	14 February 2005 – 13 February 2015	NanoMei
56		2	1700164	21 January 2002 – 20 January 2012	NanoMei
57		2	3367249	7 August 2004 – 6 August 2014	NanoMei
58	美净绿天使	2	3361978	28 July 2004 – 27 July 2014	NanoMei
59	洁嘉	2	1805442	14 July 2002 – 13 July 2012	NanoMei
60	净威	2	1805441	14 July 2002 – 13 July 2012	NanoMei

Serial No.	Trademark	Class	Registration No.	Registration Period	Registered Owner
61	纳诺美 Nanomei	2	1696152	14 January 2002 – 13 January 2012	NanoMei
62	纳美彩丽	19	3608923	28 August 2005 – 27 August 2015	NanoMei
63	纳美恒彩	19	3608924	28 August 2005 – 27 August 2015	NanoMei
64	美净绿天使	19	3525313	7 April 2005 – 6 April 2015	NanoMei
65	洁嘉	19	1927681	14 September 2002 – 13 September 2012	NanoMei
66	净威	19	1927680	14 September 2002 – 13 September 2012	NanoMei
67	恒彩	19	1927683	21 November 2002 – 20 November 2012	NanoMei
68	纳美 Nanomei	19	1708635	7 February 2002 – 6 February 2012	NanoMei
69		19	1720845	28 February 2002 – 27 February 2012	NanoMei
70	美柔	19	3361979	21 July 2004 – 20 July 2014	NanoMei
71	纳美嘉美	19	3608929	28 August 2005 – 27 August 2015	NanoMei
72	纳美美石	19	3608928	28 August 2005 – 27 August 2015	NanoMei
73	纳美美亚	19	3608927	28 August 2005 – 27 August 2015	NanoMei
74	嘉苑	19	3608926	28 August 2005 – 27 August 2015	NanoMei
75	康隅	19	3608925	28 August 2005 – 27 August 2015	NanoMei
76		19	3525312	7 April 2005 – 6 April 2015	NanoMei
77	纳诺美 Nanomei	19	3525314	7 April 2005 – 6 April 2015	NanoMei
78	健康钛	40	4386297	14 June 2008 – 13 June 2018	NanoMei
79	纳美美迪	2	4369308	14 January 2008 – 13 January 2018	NanoMei

Serial No.	Trademark	Class	Registration No.	Registration Period	Registered Owner
80	纳美美洁	2	4369304	14 January 2008 – 13 January 2018	NanoMei
81	纳美美洁	5	4369307	14 January 2008 – 13 January 2018	NanoMei
82	纳美美恒	2	4369305	14 January 2008 – 13 January 2018	NanoMei
83		37	4369302	7 May 2008 – 6 May 2018	NanoMei
84		40	4369301	14 May 2008 – 13 May 2018	NanoMei
85	天下无贼(4)	6	4389314	7 October 2007 – 6 October 2017	NanoMei
86		19	1816156	28 July 2002 – 27 July 2012	Tongda Refractory
87		19	749579	7 June 2005 – 6 June 2015	Tongda Refractory
88	科耐（图形、文字）	19	3061469	14 April 2003 – 13 April 2013	Gongyi Tongda Technology
89		35	1097867	7 September 2007 – 6 September 2017	BBMT
90		39	1103801	14 September 2007 – 13 September 2017	BBMT
91	吉丽亚 (jianmaoJellian)（中文及拼音组合）	19	1740834	7 April 2002 – 6 April 2012	BBMT-Xinke
92	潞州商城	35	3908879	14 August 2006 – 13 August 2016	Beijing Jianji (Luzhou Store) (北京建機資產經營有限公司潞州商場)

Notes:

(1) Applications have been filed with the relevant PRC authority to renew these trademarks.

(2) These trademarks are registered in the previous name of the relevant trademark owners prior to the change in their respective corporate form. Applications for change of name of the registered owner have been filed with the relevant PRC authority to reflect the current name of such entities. Our PRC legal adviser is of the view that there is no legal impediment for the relevant trademark owners to register these trademarks under their current names.

(3) This trademark is registered in the previous name of the relevant owner prior to the change in its corporate form. As advised by our PRC legal adviser, this trademark is legally owned by our Group.

(4) Pursuant to a trademark transfer agreement dated 15 March 2005 between NanoMei and Bainianshijia (Beijing) International Brand Investment Management Co., Ltd. (百年世家（北京）國際品牌投資管理有限公司), this trademark is being transferred to Bainianshijia (Beijing) International Brand Investment Management Co., Ltd. (百年世家（北京）國際品牌投資管理有限公司).

As at the Latest Practicable Date, our Group had filed applications for registration of the following trademarks in the PRC:

Serial No.	Trademark	Class	Application No.	Application Date	Applicant
1	鼎 鑫	19	5604670	14 September 2006	Dingxin Cement
2	ZENITH	19	5604671	14 September 2006	Dingxin Cement
3	鼎 鑫	19	5604668	14 September 2006	Dingxin Cement
4	ZENITH 鼎 鑫	19	5604672	14 September 2006	Dingxin Cement
5	ZENITH	19	5604669	14 September 2006	Dingxin Cement
6		16	6019487	25 April 2007	Xiang Brand Walling
7		17	6019489	25 April 2007	Xiang Brand Walling
8		36	6019486	25 April 2007	Xiang Brand Walling
9	翔XIANG	17	6019490	25 April 2007	Xiang Brand Walling
10	NANOMEI 纳 美 科 技	19	5016431	21 November 2005	NanoMei
11	快宜通	19	4899198	16 September 2005	NanoMei
12	健康钛	5	4386295	29 November 2004	NanoMei
13	水木年华	2	5220043	17 March 2006	NanoMei
14	水木年华	19	5220045	17 March 2006	NanoMei
15	水木清华	19	5220044	17 March 2006	NanoMei

Serial No.	Trademark	Class	Application No.	Application Date	Applicant
16		19	3608930	27 June 2003	NanoMei
17	通达不定形耐火材料	19	5480188	14 July 2006	Tongda Refractory
18	通达电力耐材	19	5480189	14 July 2006	Tongda Refractory
19	TONGDA REFRACTORY ENGINEERING	19	5480190	14 July 2006	Tongda Refractory
20	TONGDA MONOLITHIC	19	5480192	14 July 2006	Tongda Refractory
21	TONGDA ENGINEERING	19	5480193	14 July 2006	Tongda Refractory
22	TONGDA	19	5480195	14 July 2006	Tongda Refractory
23	TONGDA FORMED	19	5480196	14 July 2006	Tongda Refractory
24	通达定形耐火材料	19	5480197	14 July 2006	Tongda Refractory
25	通达工程	19	5480198	14 July 2006	Tongda Refractory
26	TONGDA ELECTRIC POWER REFRACTORY	19	5480199	14 July 2006	Tongda Refractory
27	通达冶金耐材	19	5480200	14 July 2006	Tongda Refractory
28	通达石化耐材	19	5480201	14 July 2006	Tongda Refractory
29	TONGDA REFRACTORY	19	5480203	14 July 2006	Tongda Refractory
30	通达耐火	19	5480204	14 July 2006	Tongda Refractory
31	通达耐火工程	19	5480205	14 July 2006	Tongda Refractory
32	通达水泥耐材	19	5480206	14 July 2006	Tongda Refractory
33	TONGDA	19	6337539	24 October 2007	Tongda Refractory
34	TONGDA CEMENT REFRACTORY	19	6829616	9 July 2008	Tongda Refractory
35	TONGDA PETROCHEMICAL REFRACTORY	19	6829614	9 July 2008	Tongda Refractory
36	TONGDA METALLURGY REFRACTORY	19	6829615	9 July 2008	Tongda Refractory
37	北京建贸	35	6006523	19 April 2007	BBMT
38	GTC	36	4557918	23 March 2005	BBMG Global Trade branch of BBMG Property Management (北京金隅物業管理有限責任公司金隅環貿分公司)

Pursuant to the Trademarks Licence Agreement as set out in "*Connected Transactions — Exempted Continuing Connected Transactions*", our Group has been granted the licence to use the following trademarks:

Registered Trademarks

Serial No.	Trademark	Class	Registration No.	Licence Period	Licensor	Licensee	Place of Registration
1	金隅	19	3615026	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
2	金隅	20	3615027	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
3	金隅	1	4669557	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
4	金隅	16	4669559	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
5	金隅	17	4669560	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
6	金隅	35	4767630	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
7	金隅	39	4669562	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
8	金隅	40	4669563	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
9	金隅	41	4669564	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
10	金隅	42	4566462	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
11	金隅	2	4279867	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
12	金隅星牌 [(1)] (图形文字)	6	3045025	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
13	金隅星牌 (图形文字)	35	3045026	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
14	金隅星牌 [(1)] (图形文字)	19	3045027	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
15	金隅嘉业 (图形文字组合)	36	3013518	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
16	BBMG(LOGO)	19	1672181	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
17	BBMG(LOGO)	20	1673035	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC

Serial No.	Trademark	Class	Registration No.	Licence Period	Licensor	Licensee	Place of Registration
18	BBMG(LOGO)	6	4767617	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
19	BBMG(LOGO)	11	4669537	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
20	BBMG(LOGO)	1	4669543	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
21	BBMG(LOGO)	16	4669544	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
22	BBMG(LOGO)	17	4669545	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
23	BBMG(LOGO)	2	4767618	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
24	BBMG(LOGO)	35	4767619	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
25	BBMG(LOGO)	37	4669546	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
26	BBMG(LOGO)	39	4669538	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
27	BBMG(LOGO)	40	4669539	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
28	BBMG(LOGO)	43	4669542	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
29	BBMG(LOGO)	41	4669540	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
30	BBMG(LOGO)	42	4669541	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
31	BBMG（文字）	6	4767614	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
32	BBMG（文字）	11	4669548	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
33	BBMG（文字）	1	4669547	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
34	BBMG（文字）	16	4669549	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
35	BBMG（文字）	17	4669550	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
36	BBMG（文字）	2	4767615	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC

Serial No.	Trademark	Class	Registration No.	Licence Period	Licensor	Licensee	Place of Registration
37	BBMG（文字）	20	4767631	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
38	BBMG（文字）	35	4767616	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
39	BBMG（文字）	37	4669551	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
40	BBMG（文字）	39	4669552	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
41	BBMG（文字）	40	4669553	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
42	BBMG（文字）	43	4669556	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
43	BBMG（文字）	41	4669554	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
44	BBMG（文字）	42	4669555	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
45	BBMG（文字）	19	4767613	From 8 July 2009 to 31 December 2011	Parent	Our Company	PRC
46	BBMG 金隅 (图形文字)	19, 20, 35, 36, 37, 42	301220327	From 8 July 2009 to 31 December 2011	Parent	Our Company	HK

Note:

(1) The current registered owner of these trademarks is BSBM. According to Beijing SASAC's approval, these trademarks would be transferred to our Parent. Applications for changing the registered owner have been filed with the relevant PRC authority, and our PRC legal adviser is of the view that there is no legal impediment for our Parent to register these trademarks under its name.

Trademarks under Application

Serial No.	Trademark	Class	Application No.	Application Date	Applicant	Place of Application
1	金隅	11	4669558	20 May 2005	Parent	PRC
2	金隅	37	4669561	20 May 2005	Parent	PRC
3	金隅	42	4669565	20 May 2005	Parent	PRC
4	金隅	43	4669566	20 May 2005	Parent	PRC
5	金隅北木	19	5547913	17 August 2006	Parent	PRC
6	金隅北木 jybm (文字拼音图形结合)	19	5639587	29 September 2006	Parent	PRC
7	金隅北木 jm (文字拼音图形结合)	19	5639594	29 September 2006	Parent	PRC
8	金隅家居	37	6509803	14 January 2008	Parent	PRC
9	BBMG HOME	1	6509799	14 January 2008	Parent	PRC
10	BBMG HOME	2	6509800	14 January 2008	Parent	PRC
11	BBMG HOME	5	6509808	14 January 2008	Parent	PRC
12	BBMG HOME	6	6509798	14 January 2008	Parent	PRC
13	BBMG HOME	8	6509810	14 January 2008	Parent	PRC
14	BBMG HOME	11	6509801	14 January 2008	Parent	PRC
15	BBMG HOME	14	6509807	14 January 2008	Parent	PRC
16	BBMG HOME	17	6509802	14 January 2008	Parent	PRC
17	BBMG HOME	19	6509811	14 January 2008	Parent	PRC
18	BBMG HOME	20	6509806	14 January 2008	Parent	PRC
19	BBMG HOME	21	6509809	14 January 2008	Parent	PRC
20	BBMG HOME	24	6509805	14 January 2008	Parent	PRC
21	BBMG HOME	27	6509804	14 January 2008	Parent	PRC
22	金隅北木 jm (文字拼音图形结合)	20	6720477	14 May 2008	Parent	PRC
23	金隅物业 BBMG (文字拼音图形结合)	36	6816536	2 July 2008	Parent	PRC
24	金隅	2	7018406	24 October 2008	Parent	PRC
25	金隅	5	7018405	24 October 2008	Parent	PRC
26	金隅	6	7018404	24 October 2008	Parent	PRC
27	金隅	7	7018403	24 October 2008	Parent	PRC
28	金隅	9	7018402	24 October 2008	Parent	PRC
29	金隅	11	7018417	24 October 2008	Parent	PRC
30	金隅	12	7018401	24 October 2008	Parent	PRC
31	金隅	14	7018400	24 October 2008	Parent	PRC
32	金隅	16	7018415	24 October 2008	Parent	PRC
33	金隅	18	7018399	24 October 2008	Parent	PRC
34	金隅	19	7018416	24 October 2008	Parent	PRC
35	金隅	21	7018398	24 October 2008	Parent	PRC
36	金隅	24	7018397	24 October 2008	Parent	PRC
37	金隅	25	7018396	24 October 2008	Parent	PRC
38	金隅	28	7018395	24 October 2008	Parent	PRC
39	金隅	30	7018394	24 October 2008	Parent	PRC
40	金隅	32	7018393	24 October 2008	Parent	PRC
41	金隅	36	7018414	24 October 2008	Parent	PRC
42	金隅	38	7018418	24 October 2008	Parent	PRC

Serial No.	Trademark	Class	Application No.	Application Date	Applicant	Place of Application
43	BBMG 金隅 (图形文字)	1	7018342	24 October 2008	Parent	PRC
44	BBMG 金隅 (图形文字)	3	7018341	24 October 2008	Parent	PRC
45	BBMG 金隅 (图形文字)	4	7018340	24 October 2008	Parent	PRC
46	BBMG 金隅 (图形文字)	5	7018339	24 October 2008	Parent	PRC
47	BBMG 金隅 (图形文字)	6	7018338	24 October 2008	Parent	PRC
48	BBMG 金隅 (图形文字)	7	7018337	24 October 2008	Parent	PRC
49	BBMG 金隅 (图形文字)	8	7018336	24 October 2008	Parent	PRC
50	BBMG 金隅 (图形文字)	9	7018335	24 October 2008	Parent	PRC
51	BBMG 金隅 (图形文字)	10	7018334	24 October 2008	Parent	PRC
52	BBMG 金隅 (图形文字)	12	7018359	24 October 2008	Parent	PRC
53	BBMG 金隅 (图形文字)	13	7018333	24 October 2008	Parent	PRC
54	BBMG 金隅 (图形文字)	15	7018352	24 October 2008	Parent	PRC
55	BBMG 金隅 (图形文字)	16	7018358	24 October 2008	Parent	PRC
56	BBMG 金隅 (图形文字)	17	7018351	24 October 2008	Parent	PRC
57	BBMG 金隅 (图形文字)	20	7018412	24 October 2008	Parent	PRC
58	BBMG 金隅 (图形文字)	21	7018357	24 October 2008	Parent	PRC
59	BBMG 金隅 (图形文字)	22	7018350	24 October 2008	Parent	PRC
60	BBMG 金隅 (图形文字)	23	7018349	24 October 2008	Parent	PRC
61	BBMG 金隅 (图形文字)	24	7018360	24 October 2008	Parent	PRC
62	BBMG 金隅 (图形文字)	25	7018356	24 October 2008	Parent	PRC
63	BBMG 金隅 (图形文字)	26	7018348	24 October 2008	Parent	PRC
64	BBMG 金隅 (图形文字)	27	7018347	24 October 2008	Parent	PRC
65	BBMG 金隅 (图形文字)	29	7018346	24 October 2008	Parent	PRC

Serial No.	Trademark	Class	Application No.	Application Date	Applicant	Place of Application
66	BBMG 金隅 (图形文字)	30	7018355	24 October 2008	Parent	PRC
67	BBMG 金隅 (图形文字)	32	7018354	24 October 2008	Parent	PRC
68	BBMG 金隅 (图形文字)	33	7018345	24 October 2008	Parent	PRC
69	BBMG 金隅 (图形文字)	34	7018344	24 October 2008	Parent	PRC
70	BBMG 金隅 (图形文字)	36	7018411	24 October 2008	Parent	PRC
71	BBMG 金隅 (图形文字)	37	7018410	24 October 2008	Parent	PRC
72	BBMG 金隅 (图形文字)	39	7018343	24 October 2008	Parent	PRC
73	BBMG 金隅 (图形文字)	40	7018407	24 October 2008	Parent	PRC
74	BBMG 金隅 (图形文字)	41	7018353	24 October 2008	Parent	PRC
75	BBMG 金隅 (图形文字)	42	7018409	24 October 2008	Parent	PRC
76	BBMG 金隅 (图形文字)	43	7018408	24 October 2008	Parent	PRC
77	BBMG 金隅 (图形文字)	44	7018362	24 October 2008	Parent	PRC
78	BBMG 金隅 (图形文字)	45	7018361	24 October 2008	Parent	PRC

Patents

As at the Latest Practicable Date, our Group had registered or jointly registered with the parties listed below, the following patents in the PRC:

Serial No.	Patent	Type	Patent No.	Registration Period	Registered Owner
1	一种用于新型干法水泥生产线的余热发电系统	Invention Patent	ZL200610171599.0	20 years starting from 31 December 2006	Liulihe Cement and Zhang Gaozuo (張高佐)
2	工业有毒有害废液处理方法	Invention Patent	ZL200510012262.0	20 years starting from 28 July 2005	BBMG Mangrove Environmental
3	折叠沙发（一）	Outlook Design	ZL200530118807.7	10 years starting from 22 August 2005	Tiantan Furniture
4	折叠沙发框架（一）	Outlook Design	ZL200630007746.1	10 years starting from 16 March 2006	Tiantan Furniture
5	折叠沙发框架（二）	Outlook Design	ZL200630007747.6	10 years starting from 16 March 2006	Tiantan Furniture
6	折叠沙发框架（三）	Outlook Design	ZL200630007748.0	10 years starting from 16 March 2006	Tiantan Furniture
7	铝型材	Outlook Design	ZL200530017504.6	10 years starting from 30 May 2005	Tiantan Furniture
8	多用組合柜金属框架結构	Utility Model	ZL200520107691.1	10 years starting from 30 May 2005	Tiantan Furniture
9	床架（一）	Outlook Design	ZL200730328067.9	10 years starting from 24 December 2007	Tiantan Furniture
10	床架（二）	Outlook Design	ZL200730328066.4	10 years starting from 24 December 2007	Tiantan Furniture
11	床架（四）	Outlook Design	ZL200730328065.X	10 years starting from 24 December 2007	Tiantan Furniture

Serial No.	Patent	Type	Patent No.	Registration Period	Registered Owner
12	排椅	Outlook Design	ZL200630145885.0	10 years starting from 15 September 2006	Quinette Great Wall Seats
13	排椅（一）	Outlook Design	ZL200730009956.9	10 years starting from 10 April 2007	Quinette Great Wall Seats and Great Wall Furniture
14	排椅（二）	Outlook Design	ZL200730009957.3	10 years starting from 10 April 2007	Quinette Great Wall Seats and Great Wall Furniture
15	排椅（三）	Outlook Design	ZL200730146158.0	10 years starting from 16 April 2007	Quinette Great Wall Seats and Great Wall Furniture
16	排椅（四）	Outlook Design	ZL200730146159.5	10 years starting from 16 April 2007	Quinette Great Wall Seats and Great Wall Furniture
17	座椅（五）	Outlook Design	ZL200730146157.6	10 years starting from 16 April 2007	Quinette Great Wall Seats and Great Wall Furniture
18	开启式暗插型矿棉吸声板吊顶结构	Utility Model	ZL01200526.6	10 years starting from 19 January 2001	BSBM
19	抗吸潮型矿棉吸声板	Utility Model	ZL02246091.8	10 years starting from 21 August 2002	BSBM
20	矿棉吸声板	Outlook Design	ZL01318655.8	10 years starting from 8 June 2001	BSBM
21	吊顶龙骨型材	Outlook Design	ZL02338198.1	10 years starting from 21 August 2002	BSBM
22	天花板吊顶龙骨结构	Utility Model	ZL200520017198.0	10 years starting from 26 April 2005	BSBM
23	水性建筑外墙涂料用紫外光稳定剂的制备方法	Invention Patent	ZL01138614.2	20 years starting from 28 December 2001	NanoMei and Beijing Building Materials Academy of Science Research (北京市建築材料科學研究院)[(1)]

Serial No.	Patent	Type	Patent No.	Registration Period	Registered Owner
24	一种用于橡胶地砖的聚氨酯胶粘剂的制备方法	Invention Patent	ZL200410037742.8	20 years starting from 11 May 2004	Beijing Building Materials Academy of Science Research (北京市建築材料科學研究院)(2)
25	空气离子静态测定法及空气离子静态测定仪	Invention Patent	ZL02123890.1	20 years starting from 8 July 2002	China Building Materials Academy (中國建築材料科學研究院), Hebei Institute of Architectural Engineering (河北建築工程學院) and Beijing Building Coating Plant (北京市建築塗料廠)(1)
26	能高效产生空气负离子的电气石复合粉体及其制备方法	Invention Patent	ZL02123892.8	20 years starting from 8 July 2002	China Building Materials Academy (中國建築材料科學研究院) and Beijing Building Coating Plant (北京市建築塗料廠)(1)
27	能产生空气负离子的建筑内墙涂料和内墙腻子	Invention Patent	ZL02123891.X	20 years starting from 8 July 2002	Beijing Building Coating Plant (北京市建築塗料廠)(1) and China Building Materials Academy (中國建築材料科學研究院)
28	包装盒（钛轻松室内环境治理养护金牌组合）	Outlook Design	ZL200630128943.9	10 years starting from 7 August 2006	NanoMei, Sun Peng (孫鵬) and Ou Yanglin (歐陽林)
29	包装盒　（炭中炭）	Outlook Design	ZL200630128942.4	10 years starting from 7 August 2006	NanoMei, Sun Peng (孫鵬) and Ou Yanglin (歐陽林)
30	包装桶（天下无贼装修污染治理宝）	Outlook Design	ZL200630120159.3	10 years starting from 22 June 2006	NanoMei, Sun Peng (孫鵬) and Ou Yanglin (歐陽林)
31	包装桶（纳美漆）	Outlook Design	ZL200630000624.X	10 years starting from 10 January 2006	NanoMei

Serial No.	Patent	Type	Patent No.	Registration Period	Registered Owner
32	包装桶（喜事漆）	Outlook Design	ZL200630000625.4	10 years starting from 10 January 2006	NanoMei
33	一种耐火浇铸料的制备方法	Invention Patent	ZL200310121170.7	20 years starting from 22 December 2003	Tiantan Furniture

Notes:

(1) These patents are registered under the previous names of the relevant patent owners prior to the change in their respective corporate forms. As advised by our PRC legal advisor, these patents are legally owned by our Group.

(2) This patent is registered under the previous name of the patent owner prior to the change in its corporate form. Applications for change of name of the registered owner have been filed with the relevant PRC authority to reflect the current name of this entity. Our PRC legal adviser is of the view that there is no legal impediment for the relevant patent owner to register this patent under its current name.

As at the Latest Practicable Date, the following patents in the PRC are licensed to us:

Serial No.	Patent	Type	Patent No.	Registration Period	Registered Owner
1	建筑模板漆	Invention Patent	ZL02117469.5	20 years starting from 17 May 2002	Bai Shujun (白樹軍)(1)
2	住宅钢结构防火涂料	Invention Patent	ZL02117470.9	20 years starting from 17 May 2002	Bai Shujun (白樹軍)(1)
3	一种建筑防火钢结构	Utility Model	ZL02235777.7	10 years starting from 17 May 2002	Bai Shujun (白樹軍)(1)

Note:

(1) Pursuant to an agreement dated 27 May 2008 between Bai Shujun (白樹軍) and Beijing Architectural, Bai Shujun (白樹軍) agreed to transfer the patents registered in his name to Beijing Architectural at nil consideration. Applications have been filed with the relevant PRC authority to change the name of the registered owner from Bai Shujun (白樹軍) to Beijing Architectural. Our PRC legal adviser is of the view that there is no legal impediment for Beijing Architectural to register these patents under its name.

As at the Latest Practicable Date, our Group had filed applications for registration of the following patents in the PRC:

Serial No.	Patent	Type	Application No.	Applicant
1.	固體廢物漿渣新型處理方法	Invention Patent	200610089741.7	BBMG Mangrove Environmental
2.	折疊沙發（二）	Outlook Design	200530118808.1	Tiantan Furniture
3.	床架（三）	Outlook Design	200730328064.5	Tiantan Furniture
4.	一種木門窗	Utility Model	200720173201.7	Woodworking Factory
5.	橫中挺型材	Outlook Design	200730153127.8	Woodworking Factory
6.	木門窗框型材的製造方法及利用該型材組裝木窗的方法	Invention Patent	200710121918.1	Woodworking Factory
7.	具有包覆材料的木門窗型材	Utility Model	200720173392.7	Woodworking Factory
8.	一種無壓條式門窗	Utility Model	200720173410.1	Woodworking Factory
9.	便于拆裝玻璃的無壓條式固定窗、門窗及安裝玻璃的方法	Invention Patent	200710121917.7	Woodworking Factory
10.	固定框型材	Outlook Design	200730153128.2	Woodworking Factory
11.	扇型材	Outlook Design	200730153129.7	Woodworking Factory
12.	豎中挺型材	Outlook Design	200730153126.3	Woodworking Factory
13.	一種天花板吊頂燈帶龍骨結構	Utility Model	200720153801.7	BSBM
14.	一種礦棉吸聲板的獨立吊裝結構	Utility Model	200720153700.X	BSBM
15.	礦棉吸聲板（1）	Outlook Design	200730156278.9	BSBM
16.	礦棉吸聲板（2）	Outlook Design	200730156277.4	BSBM

Serial No.	Patent	Type	Application No.	Applicant
17.	礦棉吸聲板（3）	Outlook Design	200730156276.X	BSBM
18.	礦棉吸聲板（4）	Outlook Design	200730156274.0	BSBM
19.	礦棉吸聲板（5）	Outlook Design	200730156275.5	BSBM
20.	礦棉吸聲板（6）	Outlook Design	200730156273.6	BSBM
21.	燈帶龍骨	Outlook Design	200730156272.1	BSBM
22.	開啓龍骨	Outlook Design	200730156271.7	BSBM
23.	一種生產青磚瓦的工藝及設備	Invention Patent	200710111254.0	Xiliu Building Materials
24.	一種青磚瓦隧道窑的鐘罩結構	Utility Model	200720154979.3	Xiliu Building Materials
25.	一種給水用抗菌塑料管材的製作方法	Invention Patent	200710107506.2	BBMA
26.	一種脱硫石膏砌塊的製備方法	Invention Patent	200710123586.0	BBMA
27.	逆反應燒結製備氮化硅碳化硅複合材料的方法	Invention Patent	200710098996.4	Tongda Refractory and University of Science and Technology Beijing (北京科技大學)

Domain name

As at the Latest Practicable Date, our Group is the registered proprietor of the following domain names in the PRC:

Serial No.	Domain name	Registrant	Date of expiration
1	liulihe.com	Liulihe Cement	16 November 2009
2	hbzenith.com	Dingxin Cement	11 September 2009
3	jyhnt.com	BBMG Concrete	18 June 2012
4	ttjj.com.cn	Tiantan Furniture	2 November 2013
5	天坛家具.com	Tiantan Furniture	5 June 2014
6	bjtd.com.cn	Tongda Refractory	11 April 2010
7	bjbm.com.cn	Woodworking Factory	9 December 2009
8	bsbm.cc	BSBM	2 April 2010
9	星牌建材.com	BSBM	3 July 2010
10	星牌建材.中國	BSBM	3 July 2010
11	彩色钢板.com	BSBM	17 April 2010
12	龙骨.com	BSBM	17 April 2010
13	矿棉板.com	BSBM	18 April 2010
14	bsbm.cn	BSBM	17 March 2010
15	starusg.com	STAR-USG Building Materials	15 October 2009
16	star-usg.com	STAR-USG Building Materials	23 October 2009
17	bjxdjc.com	BMBM	4 November 2011
18	bbma.com.cn	BBMA	27 November 2011
19	nanomei.com	NanoMei	20 July 2009
20	bjjcjmds.com	Beijing Building Materials Trade Tower (北京建材經貿大廈)(1)	14 November 2009
21	bbmtt.com	BBMT-Xinke	2 August 2012
22	bj-gem.com	Beijing GEM	1 September 2014
23	bj-gem.com.cn	Beijing GEM	14 May 2012
24	bj-gem.cn	Beijing GEM	1 September 2009
25	fsdj.cn	Beijing Fengshan Hot Spring Resort (北京鳳山溫泉度假村)(2)	29 September 2009

Serial No.	Domain name	Registrant	Date of expiration
26	dayhigh.com.cn	Inner Mongolia BBMG Daihai Resort Co., Ltd. (內蒙古金隅岱海旅遊度假有限責任公司)	18 August 2011
27	dayhigh.cn	Inner Mongolia BBMG Daihai Resort Co., Ltd. (內蒙古金隅岱海旅遊度假有限責任公司)	18 August 2011
28	www.bbmg.com.cn	Parent(3)	26 July 2014

Notes:

(1) This domain name is registered in the name of a branch of BBMT. As advised by our PRC legal adviser, this domain name is legally owned by our Group.

(2) This domain name is registered under the name of the relevant domain name owner prior to the change in its corporate form. As advised by our PRC legal adviser, this domain name is legally owned by our Group.

(3) Pursuant to a domain name transfer agreement dated 13 July 2009 between our Parent and us, our Parent agreed to transfer this domain name registered in its name to us. Application has been filed with the relevant PRC authority for the transfer. Our PRC legal adviser is of the view that there is no legal impediment for us to register this domain name under our name.

Save as disclosed above, there are no other copyright, patents or other intellectual property rights that are material to our business.

FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF, AND SUBSTANTIAL SHAREHOLDERS

Directors' and Supervisors'

Directors' and Supervisors' interests and short positions in the share capital and debentures of the Company and its associated corporations

Immediately following the completion of the Global Offering, none of our Directors and Supervisors will have any interest or short position in the Shares, underlying shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO). The taking of such positions by our Directors and Supervisors would have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO), or would be required, pursuant to section 352 of the SFO, to be entered in a register (as referred to therein) or would be required to be notified to us and the Stock Exchange (pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers), once our H Shares are listed on the Stock Exchange. For this purpose, the relevant provisions of the SFO will be interpreted as if applied to our Supervisors.

Particulars of Directors' and Supervisors' service agreements

Each of our Directors and Supervisors has entered into a service agreement with the Company. The principal particulars of these service agreements are (a) for a term of 3 years commencing from 28 April 2009 and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors nor Supervisors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than agreements expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

Remuneration of Directors and Supervisors

(a) The aggregate amount of remuneration paid and benefits in kind granted to our Directors and our Supervisors for each of the three years ended 31 December 2008 and the three months ended 31 March 2009 were approximately RMB3,577,000, RMB4,181,000, RMB4,379,000 and RMB616,000, respectively.

(b) Under the arrangements currently proposed, conditional upon the listing of the H Shares on the Stock Exchange, the estimated aggregate remuneration payable to and benefits in kind received by our Directors and Supervisors for the year ending 31 December 2009 are expected to be approximately RMB3,465,000.

Substantial Shareholders

So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have beneficial interests or short positions in Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Long/short position	Total number of Shares held	Approximate percentage of shareholding interest (%)
Parent	Beneficial owner	Long position	1,764,952,895	47.28
Beijing SASAC[(1)]	Interest in controlled corporation	Long position	1,764,952,895	47.28
Sinoma	Beneficial owner	Long position	239,580,000	6.42
China National Materials Group Corporation[(2)]	Interest in controlled corporation	Long position	239,580,000	6.42
Hopeson	Beneficial owner	Long position	205,380,000	5.5
Hopson Development International Limited[(3)]	Interest in controlled corporation	Long position	205,380,000	5.5
Hopson Development (Properties) Limited[(3)]	Interest in controlled corporation	Long position	205,380,000	5.5
Hopson Development Holdings Limited[(4)]	Interest in controlled corporation	Long position	205,380,000	5.5
Sounda Properties Limited[(5)]	Interest in controlled corporation	Long position	205,380,000	5.5
Chu Mang Yee[(6)]	Interest in controlled corporation	Long position	205,380,000	5.5

Notes:

(1) Beijing SASAC holds the entire registered capital of our Parent and is therefore deemed to be interested in all of the 1,764,952,895 Shares held by our Parent.

(2) China National Materials Group Corporation holds 41.84% of the outstanding shares of Sinoma and is therefore deemed to be interested in all of the 239,580,000 Shares held by Sinoma.

(3) Each of Hopson Development International Limited and Hopson Development (Properties) Limited holds 50.0% of the outstanding ordinary shares of Hopeson, and thus each of them is deemed to be interested in all of the 205,380,000 Shares held by Hopeson.

(4) Hopson Development Holdings Limited, a company listed on the Stock Exchange (Stock Code: 0754), holds 100.0% of the outstanding shares of Hopson Development International Limited, and Hopson Development International

Limited holds 99.9% of the outstanding shares of Hopson Development (Properties) Limited. Hopson Development Holdings Limited is deemed to be interested in all of the 205,380,000 Shares held by Hopeson.

(5) Sounda Properties Limited holds 57.5% of the outstanding shares of Hopson Development Holdings Limited, and thus Sounda Properties Limited is deemed to be interested in all of the 205,380,000 Shares held by Hopeson.

(6) Chu Mang Yee holds 100.0% of the outstanding shares of Sounda Properties Limited and thus is deemed to be interested in all of the 205,380,000 Shares held by Hopeson.

As at the Latest Practicable Date, each of the following persons or entities were directly and/or indirectly interested in 10.0% or more of equity interest carrying rights to vote for all matters at the general meetings of any subsidiaries of our Company:

Member of our Group	Entity with 10.0% or more interest (other than us)	Percentage of that entity's equity interest
BBMG Concrete	Beijing Baicheng Jianye Building Materials Co., Ltd.	17.66%
BBMG Concrete	Beijing Zhongjian Beirui Concrete Co., Ltd.	12.63%
Bulangni	Chian Hua Singapore Pte., Ltd.	45.0%
Beijing Junxing Concrete Co., Ltd.	Liu Zhifang	48.0%
Xinbeishui	Beijing Cement Plant	45.0%
Quinette Great Wall Seats	Quinette Gallay	40.0%
Beijing Great Wall Furniture and Decorative Material Co., Ltd.	Peru-China Friendship Import and Export Co., Ltd.	25.31%
Beijing Jinhuihengye Commerce and Trade Co., Ltd.	Shao Shan	40.0%
Taiyuan Jingzhongyuan Porcelain and Ceramic Fittings Co., Ltd.	Taiyuan Dongtao-Hengxing Trade Co., Ltd	20.0%
Tongda Refractory	Sinoma International Engineering Co., Ltd.	11.4%
Xinjiang Maydos-Sanqi Coating Co., Ltd.	Xinjiang Haoxiang Building Materials Co., Ltd.	45.0%
Beizhuan	Sinopec	37.5%
Beijing Jinghua Glass Fiber Products Co., Ltd.	China Beijing International Economic Cooperation Company	27.7%
Beijing Tiantan-Jingwei Furniture Co., Ltd.	Capital Wise International Limited	40.0%
Hainan Dihao Furniture Co., Ltd.	Hong Kong Huaxin Company	45.0%
BBMG Vanke	Beijing Vanke Co., Ltd.	49.0%
BBMG-Wildwind (Hangzhou) Property Development Co., Ltd.	Wildwind Group Real Estate Co., Ltd.	20.0%

Connected transactions and related party transactions

Details of the connected transactions and related party transactions of our Company are set out in the section entitled *"Connected Transactions"* of this prospectus and in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, respectively.

OTHER INFORMATION

Estate duty and tax

Our Directors have been advised that no material liability for estate duty under the laws of the PRC or Hong Kong would be likely to fall upon our Company and any of our subsidiaries.

Dealings in H Shares will be subject to Hong Kong stamp duty.

Intending holders of H Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in H Shares. It is emphasized that none of us, our Directors or any other parties involved in the Global Offering accepts responsibility for any tax effect on, or liabilities of holders of H Shares resulting from their subscription for, purchase, holding or disposal of or dealing in H Shares.

Indemnities

On 9 July 2009, our Parent entered into a deed of indemnity ("**Deed of Indemnity**") with and in favour of our Company (for itself and for each of our subsidiaries as listed therein), pursuant to which our Parent agreed and undertook with our Company, subject to the terms of the Deed of Indemnity, to indemnify our Company and at all times keep the same indemnified on demand from and against, among other things, all actions, claims, losses, payments, charges, settlement payments, costs, penalties, damages or expenses that any member of our Group may incur or suffer as referred to in the Deed of Indemnity, including but not limited to:

(a) the amount of and all taxation falling on our Group on or before the Listing Date;

(b) any losses suffered by our Company or any actions or claims against our Company as a result of breach of the Parent Undertakings and Parent 2009 Undertaking;

(c) any issues in connection with the application for registration of the mining right certificates for the mines operated by Dingxin Cement and conduct of mining activities before the associated mining right certificates having been obtained by Dingxin Cement;

(d) any issues arising from the defective land use rights certificates or defective building ownership certificates for any of the properties owned or leased by our Group and any issues arising from the failure to register the leases for any properties leased to our Group;

(e) any losses suffered by BBMG Fengshan Resort as a result of imposition of administrative penalty by the PRC Government (including, without limitation, forfeiture of land or buildings) due to the inconsistency between the actual land usage and the authorized land usage of the authorized land on which the buildings occupied by BBMG Fengshan Resort are located;

(f) any losses suffered by BJ Ceramics and our Company as a result of imposition of administrative penalty by the PRC Government due to any inappropriate use or use in violation of the PRC laws and regulations of BBMG Landao Building and the relevant parcel of land on which BBMG Landao Building is situated;

(g) any losses, proceedings or claims suffered by our Group as a result of the failure to obtain and/or deliver building ownership certificates of pre-sold units on time, pursuant to the relevant pre-sale contracts signed by our Group before the Listing Date;

(h) any issues arising from the mortgage over Tengda Plaza provided by our Group prior to the release of such mortgage;

(i) any liabilities, penalties or fines imposed on Dingxin Cement as a result of the failure to obtain project approvals and environmental protection approvals or pass necessary environmental protection inspections for one of its cement production lines prior to the transfer of such production line to Beijing Pinggu in May 2008;

(j) any liabilities, penalties or fines imposed on Xinbeishui as a result of the failure to obtain the licence before the operation of the electric generating facilities;

(k) any liabilities, penalties or fines imposed on Beijing Shuangheshang Five Star Beer Sanhuan Co., Ltd. (北京雙合盛五星啤酒三環股份有限公司) as a result of non-compliance with the relevant PRC laws and regulations (including the PRC Company Law) and the failure to obtain a valid business registration licence on time;

(l) any liabilities, penalties or fines imposed on Xisanqi High-Tech Building Materials as a result of the Xisanqi primary land development project (including, resettlement of existing residents and construction of new buildings) undertaken;[1]

(m) any liabilities, damages or losses arising from the litigation between Taihang Huaxin and Bosite in relation to the share transfer of Hebei Securities;

(n) any liabilities, damages or losses suffered by Beijing Gaoling as a result of claims by Beijing Jitai Construction Installation Project Company Limited (北京基泰建築安裝工程有限公司) for unpaid construction fee;

(o) any liabilities, penalties or fines imposed on Beijing Jianhong Property Development Co., Ltd. (北京建宏房地產開發有限公司) and Beijing Gaoling as a result of claims by relevant governmental authorities for delayed payment of land premium;

(p) any liabilities, penalties or fines imposed on any member of the Group as a result of the failure to obtain the required licence and approval under the PRC law before the commencement of construction work;

Note:

(1) For further details, see "*Connected Transactions — Non-exempted Continuing Connected Transactions — Renovation Project*".

(q) any liabilities, penalties or fines imposed on any member of the Group as a result of the failure to renew the licence or approvals that are necessary for its business operations;

(r) any non-compliance with the relevant PRC laws and regulations (including environmental protection laws and regulations, and laws and regulations regarding the deposit and use of pre-sale proceeds) by any member of our Group before the Listing Date;

(s) any administrative proceedings, unfavourable decrees or penalties imposed on any member of our Group or any losses suffered or expenses incurred as a result of any disagreement with regulatory bodies in the course of our Group's operations prior to the Listing Date; and

(t) any actions or claims against any member of our Group that relate to events or circumstances occurring before the effective date of the Reorganisation in relation to businesses, assets and interests transferred to our Company under the Reorganisation;

save in the following circumstances:

(1) to the extent that provision, reserve or allowance has been made for such taxation or claim in the audited accounts of our Company for each of the three financial years ended 31 December 2008 and the three months ended 31 March 2009;

(2) to the extent that such taxation or claim arises or is incurred as a result of the imposition of any retrospective change in law, rules and regulation or the interpretation or practice thereof coming into force after the Listing Date;

(3) to the extent of any provision or reserve made for taxation in the audited accounts of our Company for each of the three financial years ended 31 December 2008 and the three months ended 31 March 2009 which is finally established to be an over-provision or an excessive reserve;

(4) taxation falling on any member of our Group after the Listing Date unless such taxation or liability would not have arisen but for any act or omission by any member of our Group effected without prior written consent or agreement of our Parent otherwise than in the ordinary course of business after the date of the Deed of Indemnity;

(5) for which our Company is primarily responsible as a result of transactions entered into in the ordinary course of business after the Listing Date.

Litigation

Our Directors confirm that, as at the Latest Practicable Date, save as disclosed in "*Business — Legal and Regulatory Matters*", no litigation, arbitration, proceedings or claims of material importance are pending, in process or threatened against any member of our Group that would have a material adverse effect on the results of operations or financial condition of our Group.

Sponsor

The Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, (i) our H Shares to be issued pursuant to the Global Offering (including any H Shares to be issued pursuant to the exercise of the Over-allotment Option); and (ii) our H Shares to be converted from Domestic Shares and held by NSSF (including the additional H Shares to be converted from Domestic Shares upon the exercise of the Over-allotment Option). See *"Share Capital — Transfer of State-owned Shares"* for details of our H Shares to be converted from Domestic Shares and held by NSSF. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

An associate of the Sponsor, UBS Securities Co., Ltd., was engaged by us to act as the lead underwriter and bookrunner for the issuance of the Bond, see "*Financial Information — Working Capital — Liquidity — Bond*s" for details. Notwithstanding, the Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Compliance adviser

We will in accordance with Rule 3A.19 of the Listing Rules retain Cinda International Capital Limited, one of the Hong Kong Underwriters and International Underwriters as our compliance adviser.

Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately RMB50,000 and are payable by our Company.

Promoters

Our Promoters are our Parent, Sinoma, Hopeson, Beifang Real Estate and Tianjin Building Materials. Save as disclosed in this prospectus, no cash, securities or other benefit had been paid, allotted or given within two years preceding the date of this prospectus, or proposed to be paid, allotted or given, to our Promoters in connection with the Global Offering or the related transactions described in this prospectus.

Qualifications of experts

The qualifications of the experts who have given opinion or advice in this prospectus are as follows:

Name	Qualifications
UBS AG, Hong Kong Branch	Registered institution under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
Ernst & Young	Certified public accountants
Haiwen & Partners	PRC legal adviser
Savills Valuation and Professional Services Limited	Property valuers

Consents of experts

The Sponsor, Ernst & Young, as our independent reporting accountants, Savills Professional Services, as our property valuer, and Haiwen & Partners, as our PRC legal adviser have each given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or opinions and/or the references to their names included herein in the form and context in which they are respectively included.

Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

No material adverse change

Our Directors confirm that there has been no material adverse change in our Company's financial or trading position since 31 March 2009.

Disclaimer

Save as disclosed in this prospectus:

(i) so far as our Directors are aware, none of our Directors nor chief executive or Supervisors of our Company had, as at the Latest Practicable Date, any interest or short position in any shares, underlying shares or debentures of, our Company or any associated corporation (within the meaning of Part XV of the SFO) which would be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required pursuant to section 352 of the SFO be entered in the register referred to therein, or which would be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Hong Kong Listing Rules, in each case once our H Shares are listed on the Stock Exchange;

(ii) none of our Directors or Supervisors nor any of the persons whose names are listed under the section entitled *"Other Information — Consents of Experts"* in this Appendix is interested directly or indirectly in the promotion of our Company, or in any assets which have within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iii) none of our Directors or Supervisors nor any of the persons whose names are listed under the section entitled *"Other Information — Consents of Experts"* in this Appendix is materially interested in any contract or arrangement existing at the date of this prospectus that is significant in relation to the business of our Group;

(iv) save in connection with the Hong Kong Underwriting Agreement and the International Placing Agreement, none of the persons whose names are listed in the section entitled *"Other Information — Consents of Experts"* in this Appendix:

  (a) is interested legally or beneficially in any shares in our Company or our subsidiaries; or

  (b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or our subsidiaries;

(v) no cash, securities or other benefits have been paid, allotted or given within the two years preceding the date of this prospectus to our Promoters in connection with the Global Offering nor are any such cash, securities or benefits intended to be paid, allotted or given; and

(vi) none of our Directors or Supervisors or their associates or any Shareholder of our Company which to the knowledge of our Directors owns more than 5.0% of our Company's Shares in issue has any interest in any of the five largest contractors and five largest customers of our Group.

Miscellaneous

(a) Save as disclosed in this prospectus:

   (i) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries, if any, has been issued or agreed fully or partly paid either for cash or a consideration other than cash;

   (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

   (iii) no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

   (iv) within the two years preceding the date of this prospectus, no discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

   (v) within the two years preceding the date of this prospectus, no commissions have been paid or payable for subscription or agreeing to subscribe, procure subscription or agreeing to procure subscription of any share in or debenture of our Company;

   (vi) none of our equity or debt securities is listed or dealt with on any stock exchange or trading system nor is any listing or permission to deal being or proposed to be sought; and

   (vii) our Company has no outstanding convertible debt securities.

(b) We are a sino-foreign investment joint stock limited company, but we are not subject to the PRC Sino-Foreign Joint Venture Law.

Dividends

There are no arrangements in existence under which future dividends are to be waived or are agreed to be waived.

Sufficiency of foreign exchange

For holders of our H Shares, cash dividends payments, if any, will be proposed by our Board in Renminbi and paid in Hong Kong dollars. Our Directors are of the view that we will have sufficient Hong Kong dollars to pay any cash dividends payments as they become due. For holders of our Domestic Shares, cash dividends payments, if any, will be declared by our Board and paid in Renminbi.

Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE YELLOW and GREEN** Application Forms;

(b) the written consents referred to in the section entitled "*Statutory and General Information — Consents of Experts*" in Appendix VIII; and

(c) a copy of each of the material contracts referred to in the section entitled "Statutory *and General Information — Summary of material contracts*" in Appendix VIII.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Paul, Hastings, Janofsky & Walker at 22nd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association in Chinese;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I;

(c) the audited consolidated financial statements of the Group for the three financial years ended 2008 and the three months ended 31 March 2009;

(d) the letter relating to the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II;

(e) the letters relating to the profit estimate, the texts of which are set out in Appendix III;

(f) the letter, summary of valuation and valuation certificate and report relating to the Group's property interests prepared by Savills Valuation and Professional Services Limited, the texts of which are set out in Appendix IV;

(g) the material contracts referred to in the section entitled "*Statutory and General Information — Summary of material contracts*" in Appendix VIII;

(h) the written consents referred to in the section entitled "*Statutory and General Information — Consents of Experts*" in Appendix VIII;

(i) the service agreements referred to in "*Appendix VIII — Statutory and General Information — Disclosure of Interests — Particulars of Directors' and Supervisors' service agreements*";

(j) the PRC Company Law, the Special Regulations, the Mandatory Provisions together with unofficial English translations thereof; and

(k) the PRC legal opinion issued by Haiwen & Partners, the legal advisers to the Company on PRC law, dated 17 July 2009.

北京金隅股份有限公司
BBMG CORPORATION