BBMG 金隅

北京金隅股份有限公司

BBMG CORPORATION*

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

Stock Code : 2009

Annual Report 2010

Cement

Modern Building Materials

Property Development

Property Investment & Management

* for identification purposes only

Contents

FINANCIAL HIGHLIGHTS

	2010	2009 (Restated)	Change	
Revenue (RMB'000)	**21,997,718**	13,270,696	8,727,022	65.8%
Gross profit (RMB'000)	**5,092,340**	3,393,722	1,698,618	50.1%
Gross profit margin (%)	**23.1**	25.6	decrease 2.5 percentage points	
Profit attributable to owners of the Company (RMB'000)	**2,716,292**	1,905,930	810,362	42.5%
Core net profit attributable to owners of the Company (excluding the after tax net fair value gains on investment property) (RMB'000)	**2,164,912**	1,383,501	781,411	56.5%
Basic EPS (RMB)	**0.70**	0.59	0.11	18.6%
Final dividend per share (RMB)	**0.07**	0.07	–	–
Cash and cash equivalents (RMB'000)	**5,025,398**	6,266,643	(1,241,245)	(19.8%)
Total assets (RMB'000)	**61,046,495**	43,577,068	17,469,427	40.1%
Net assets (RMB'000)	**18,056,284**	18,518,543	(462,259)	(2.5%)
Net profit margin (%)	**12.3**	14.4	decrease 2.1 percentage points	
Return on total assets (%)	**4.4**	4.4	no change	
Total debt to equity ratio (%)	**70.4**	57.5	increase 12.9 percentage points	
Net assets per Share (RMB)	**4.66**	4.78	(0.12)	(2.5%)

CORPORATE INFORMATION

Chinese name of the Company	北京金隅股份有限公司
English name of the Company	BBMG Corporation
Headquarters	Tower D, Global Trade Center No. 36, North Third Ring East Road Dongcheng District, Beijing 100013, the PRC
Registered office and principal place of business in the PRC	No. 36, North Third Ring East Road Dongcheng District, Beijing, the PRC
Principal place of business in Hong Kong	Room 904, Wah Ying Cheong Central Building 158-164 Queen's Road Central, Central, Hong Kong
Website of the Company	www.bbmg.com.cn
Legal representative	Jiang Weiping
The Board	
Executive Directors	Jiang Weiping *(Chairman)* Li Changli *(Vice Chairman)* Jiang Deyi *(President)* Shi Xijun Wang Hongjun Deng Guangjun
Non-executive Director	Zhou Yuxian (resigned on 30 March 2011)
Independent non-executive Directors	Hu Zhaoguang Xu Yongmo Zhang Chengfu Yip Wai Ming
Supervisors	Wang Xiaoqun Hu Jingshan Zhang Jie Hong Ye Fan Xiaolan Wang Youbin Ma Weixin

Committees	
Audit Committee	Zhang Chengfu *(Chairman)* Hu Zhaoguang Xu Yongmo Zhou Yuxian (resigned on 30 March 2011) Yip Wai Ming
Remuneration and Nomination Committee	Jiang Weiping *(Chairman)* Shi Xijun *(Vice Chairman)* Hu Zhaoguang Zhang Chengfu Xu Yongmo
Strategic Committee	Jiang Weiping *(Chairman)* Li Changli *(Vice Chairman)* Jiang Deyi *(Vice Chairman)* Wang Hongjun Deng Guangjun Hu Zhaoguang Zhang Chengfu Xu Yongmo
Authorised representatives	Wang Hongjun Wu Xiangyong
Joint company secretaries	Wu Xiangyong Lau Fai Lawrence
Qualified accountant	Lau Fai Lawrence
Listing Information	
A Shares	
A Share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch 36th Floor, China Insurance Building 166 Lujiazui Road East, Pudong New District, Shanghai, the PRC
Place of listing	Shanghai Stock Exchange
Stock name	BBMG
Stock code	601992

H Shares	
H Share registrar	Computershare Hong Kong Investor Services Limited Shops 1712 – 1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong
Place of listing	The Stock Exchange of Hong Kong Limited
Stock name	BBMG
Stock code	02009.HK
Principal bankers	Industrial and Commercial Bank of China Limited Bank of Communications Co., Ltd. Bank of Beijing Co., Ltd. China Construction Bank Corporation
Independent auditors	Ernst & Young Certified Public Accountants *As international auditors* Beijing Xinghua Certified Public Accountants *As domestic auditors*
Compliance adviser	Cinda International Capital Limited
Legal adviser	Paul, Hastings, Janofsky & Walker *As to Hong Kong law* Haiwen & Partners *As to PRC law*

CORPORATE PROFILE

BBMG Corporation

BBMG Corporation (hereinafter referred to as "BBMG" or the "Company") was established in December 2005. Fully leveraging on its unique resources, the Company is principally engaged in the manufacture of building materials supplemented by property development and property investment and management, forging an unique, one-stop, vertical industrial chain structure among major building materials manufacturers in the PRC.

1. Cement Segment

BBMG is the largest cement provider in Beijing, Tianjin and Hebei province, the largest cement manufacturer in Beijing as well as one of the 12 major cement conglomerate or groups supported by the PRC government. Its building materials were widely used in key construction projects and key infrastructure constructions of the PRC, of which its high grade cement was used in 90% of the stadium construction for 2008 Olympics in Beijing. Utilizing its technological edge in cement industry, the Company took one step further in the development of environmental protection industry such as recycling and harmless treatment of industrial wastes, sludges from sewage treatment plants, hazard wastes and fly ashes from garbage incineration, achieving a harmonious development of benefits to economy, society and ecology.

2. Modern Building Materials Segment

BBMG is one of the largest modern, green and energy saving building materials manufacturers in the PRC and one of the leaders in building materials industry in Pan Bohai Economic Rim. It provided the most complete product portfolio with the highest usage and most diverse application for the stadium construction for 2008 Olympics in Beijing. BBMG was dedicated to modern industrialization by laying emphasis on innovation and securing the opportunity of industrial structure adjustment, which became a building materials manufacturing system focusing on furniture and woods, decorative and fitting materials, wall body and insulation materials and refractory materials and fostering the development and breeding of a number of Chinese and Beijing famous brand products such as "BBMG" cement (「金隅牌」水泥), "Tiantan" furniture (「天壇牌」傢具), "Tongda" refractory products (「通達牌」耐火材料) and "Star" mineral wool acoustic boards (「星牌」礦棉吸聲板).

3. Property Development Segment

BBMG is also one of the leading property developers in terms of comprehensive strength and one of the largest affordable housing developer in Beijing. With an annual GFA commencing and resuming development of exceeding 2 million sq. m. and an accumulated developed area of over 4 million sq. m. for affordable housing in Beijing, the Group became a Beijing-based property developer with expansion into other provinces and municipalities such as Tianjin, Chongqing, Hainan, Zhejiang, Hebei and Inner Mongolia.

4. Property Investment and Management Segment

BBMG is the largest investor and manager of investment properties in Beijing. Holding over 1 million sq. m. of real estates such as high-end office units and managing over 6 million sq. m. of properties (including residential communities and commercial units at low floors), the Group is leading the industry in Beijing and even the PRC for years in areas including specialized techniques, brand awareness, leasing rate and revenue. Resort business has reached a larger scale and rose to fame, exemplified by Fengshan Hotspring Resort (鳳山溫泉度假村) and Badaling Hot Spring Resort (八達嶺溫泉度假村).

With numerous post-global financial crisis records set for the Hong Kong capital market, the H Shares of BBMG was successfully listed on the Main Board of the Stock Exchange on 29 July 2009. BBMG was successfully listed on the domestic A Shares market of the Shanghai Stock Exchange on 1 March 2011. With the current total market value of the A Shares and the H Shares approaching RMB60 billion, the Company has secured a leading position in the national building material industry and ranked top among the listed corporations in Beijing. The tremendous synergy generated from the listing of A Shares and H Shares in the capital markets will lay a more solid and concrete foundation and create a broader platform for the future development of BBMG.

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

CORPORATE STRUCTURE

Cement

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MAJOR EVENTS
2010

January 2010	Execution of an agreement with Beijing Pinggu to acquire a cement production line
January 2010	Execution of acquisition agreements with the Parent and/or Dacheng Property to acquire the controlling interests in four cement companies, one building material company and one property development company
January 2010	Execution of an agreement with Hebei Tiantashan to acquire 13.33% equity interest in Zanhuang Cement
March 2010	First extraordinary general meeting during the Reporting Period
April 2010	Publication of annual results announcement for the year ended 31 December 2009
May 2010	Execution of acquisition agreements with the Parent to acquire the controlling interests in sixteen entities and assets of two entities
June 2010	Execution of an agreement with China Cinda to acquire 66.12% equity interest in Beijing Cement Plant
June 2010	Annual general meeting for the year ended 31 December 2009
July 2010	Execution of a merger agreement with Taihang Cement in respect of the proposed merger of Taihang Cement with the Company and other ancillary matters
July 2010	Second extraordinary general meeting during the Reporting Period

August 2010	Publication of interim results announcement for the six months ended 30 June 2010
September 2010	Third extraordinary general meeting during the Reporting Period
September 2010	Completion of the issue of the first tranche of medium-term notes with principal amount of RMB2 billion
December 2010	Completion of the issue of the second tranche of medium-term notes with principal amount of RMB800 million

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Jiang Weiping, born in October 1954, has been the chairman of the Board of the Company since 6 August 2008 and an executive Director of the Company since 20 September 2007. He was the general manager of the Company from September 2007 to April 2009. He is primarily responsible for leading the Board and presiding over the administration of the Company. He joined the Company in March 2006 as a deputy general manager. Prior to joining the Company, Mr. Jiang served with the Parent from August 1979 with various senior positions. He served as the deputy general manager of the Parent, including its predecessors Beijing Building Material Group Corporation and Beijing Building Material Group Co., Ltd., from March 1994 to August 2007 and as the general manager of the Parent from August 2007 to June 2008. In May 2008, Mr. Jiang took up his current position as the Parent's chairman and secretary of the communist party committee of the Parent. Mr. Jiang has accumulated more than 30 years of experience in the building materials industry in the PRC. He was 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, born in February 1964, has been an executive Director and the vice chairman of the Board of the Company since 6 August 2008 and 28 April 2009, respectively. He was also a deputy general manager of the Company from September 2007 to April 2009. The primary responsibility of Mr. Li is to formulate development strategies, plan for mid– and long-term projects and implement the strategies of the Company, as well as to undertake other duties in relation to commerce, trade and logistics management. He joined the Company in September 2007 as a deputy general manager. Mr. Li has also served as the general manager and a director of the Parent since June 2008 and May 2008, respectively. Mr. Li has accumulated more than 29 years of experience in the building materials industry in the PRC. Mr. Li graduated from Guanghua School of Management, Peking University in July 2006 with a master's degree in business administration and is a senior economist.

Jiang Deyi, born in February 1964, has been an executive Director and the president of the Company since 28 April 2009. He was a deputy general manager of the Company from March 2006 to April 2009. He is primarily responsible for the overall management of the cement, concrete and resorts businesses of the Company and the formulation of development strategies for these business sectors. Mr. Jiang acted as a general manager assistant of the Parent from April 2004 to January 2008. Mr. Jiang has more than 23 years of experience in the cement industry and has served as the general manager of Liulihe Cement, the chairman of Taihang Cement and Dingxin Cement. Mr. Jiang graduated from Beijing University of Science and Technology with a Doctorate in Engineering in June 2009. He is a senior engineer.

Shi Xijun, born in September 1966, has been an executive Director of the Company since 10 March 2006. He was also the Board secretary from March 2006 to April 2009. He is primarily responsible for the day to day work of the Board and the administration of the Group's human resources department. Mr. Shi first joined the Parent in August 1995 and, from September 2000 to August 2003, served as a manager of its production operation department. Mr. Shi has also served as a director of the organizing department, a member of the communist party committee and the secretary of the discipline inspection committee for the Parent since August 2003, July 2005 and November 2008, respectively. Mr. Shi has accumulated more than 14 years of experience in the building materials industry. Mr. Shi graduated in 1995 from the China University of Mining and Technology with a master's degree in engineering. He is a senior economist.

Wang Hongjun, born in March 1969, has been an executive Director of the Company since 28 April 2009. He has also been the chief financial officer of the Company since September 2007, and is primarily responsible for the Company's accounting and auditing functions, financial management and capital operations. Mr. Wang served as the general accountant for the Parent from July 2007 to May 2009. Mr. Wang has more than 19 years of experience in the financial and accounting industry. Mr. Wang has served as a standing deputy manager, a manager of the finance and capital department and a deputy general accountant of the Parent since March 2002, and as the head of the finance and capital department of the Company since March 2006. Since May 2007, Mr. Wang has been a director of Taihang Cement. Mr. Wang graduated from Wuhan University of Technology in December 2008 with an MBA degree. He is a senior accountant and has obtained the qualifications for PRC Certified Public Accountants.

Deng Guangjun, born in April 1952, has been an executive Director of the Company since 30 March 2010. He also acts as a vice president of the 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 the chief engineer of the Company from March 2006 to April 2009. Mr. Deng has more than 27 years of experience in the building materials industry. Mr. Deng has served with the 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 (now known as Wuhan University of Technology), where he majored in products in the department of silicon industry.

Zhou Yuxian, born in April 1963, has been a non-executive Director of the Company since 21 December 2005. Mr. Zhou was a deputy general manager of China National Materials Group Corporation Ltd. from October 2000 to May 2009, a non-executive director of Sinoma from July 2007 to March 2009, an executive director and the president of Sinoma from March 2009 to December 2010, and a deputy general manager of China Guoxin Holdings Co., Ltd. (中國國新控股有限公司) since December 2010. Mr. Zhou has extensive experience in the building materials industry. From 6 December 2001 to January 2011, Mr. Zhou was a director of Sinoma Science & Technology Co., Ltd., an A-share company listed on the Shenzhen Stock Exchange (Stock Code: 002080). He was also a director of Ningxia Saima Industrial Co., Ltd., an A-share company listed on the Shanghai Stock Exchange (Stock Code: 600449) from 19 December 2008 to December 2010. From July 2009 and December 2010, he served as a director of Gansu Qilianshan Cement Group Company Limited, an A-share company listed on the Shanghai Stock Exchange (Stock Code: 600720). Mr. Zhou graduated in December 2003 from Wuhan University of Technology with a master's degree in engineering. He is also a professorate senior engineer. Mr. Zhou has submitted his resignation letter to the Board on and with effect from 30 March 2011 in respect of his directorship with the Company as well as his position in the Audit Committee of the Board.

Hu Zhaoguang, born in March 1939, has been an independent non-executive Director of the 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, a company listed on the Main Board of the Stock Exchange (Stock Code: 00861), since August 2006 and September 2004, respectively. He currently serves as a president of the Research Institute of the Guo Jie Academy (國傑研究院) of China Senior Professor Association. Mr. Hu had also served as the chairman of the board of Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 00392), the chairman of the board of Beijing Holdings Limited, an independent non-executive director of China Overseas Land & Investment Ltd., a company listed on the Main Board of the Stock Exchange (Stock Code: 00688), the vice-mayor of Beijing City, and the chief executive of Beijing Haidian District Government. Mr. Hu graduated from Tsinghua University in 1965.

Xu Yongmo, born in April 1956, has been an independent non-executive Director of the Company since 6 August 2008. Mr. Xu has extensive experience in the building materials industry. Mr. Xu has been appointed as an independent director of Sinoma Science & Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002080), since December 2004, an independent director of Huaxin Cement Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600801), since April 2009 and an independent non-executive director of China Resources Cement Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 01313), since July 2010. Besides, he is currently the full-time vice president of China Building Material Council, the president of China Cement Products Industry Association, the president of China Building Block Association, and the vice president of China Cement Association. The duties of Mr. Xu at the China Cement Association are 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 doctoral degree in philosophy majoring in civil engineering materials.

Zhang Chengfu, born in April 1963, has been an independent non-executive Director of the 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, a director of Government Administration and Reform Research Centre and a director of the Crisis Management Research Centre of Renmin University of China, as well as a delegate of the Chinese People's Political Consultative Conference of Beijing City. Mr. Zhang graduated in July 1999 from Renmin University of China, and holds a doctoral degree in law. He is also an instructor for doctoral degree candidates and a professor at Renmin University of China.

Yip Wai Ming, born in April 1965, has been an independent non-executive Director of the 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, a company listed on the Main Board of the Stock Exchange (Stock Code: 03336) since 25 May 2006 and an independent non-executive director of PAX Global Technology Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 00327) since 1 December 2010. Mr. Yip served as the chief financial officer of Haier Electronics Group Co., Ltd., a company listed on the Main Board of the Stock Exchange (Stock Code: 01169) from 2004 to 2009 and was the deputy general manager of Yuzhou Properties Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 01628) from 2009 to 2010. 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.

Supervisors

Wang Xiaoqun, born on October 1948, is the chairman of the Supervisory Board of the Company. He was appointed to the Supervisory Board and elected to be the chairman of the same on 21 December 2005. Mr. Wang was a deputy general manager of the 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. Mr. Wang is a senior economist who graduated from Beijing Economics College (currently known as Capital University of Economics and Business) in 1982 with a bachelor degree in labour economics.

Hu Jingshan, born on March 1959, has been a Supervisor of the 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. since August 2003. He has also been a director and the chairman of Zhenxing Cement since January 2004. Since March 1994, he has 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., 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, born on March 1970, has been a Supervisor of the Company since 6 August 2008. Mr. Zhang has been an executive director of New Horizon (Beijing) Capital Advisors Ltd. since 1 September 2006. Mr. Zhang served as a supervisor of Sichuan Meifeng Chemical Industry Co., Ltd., 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 as a director of Sichuan Meifeng Chemical Industry Co., Ltd. since 12 January 2009. Mr. Zhang currently serves as a director of Shaanxi Xifeng Wine Stock Co., Ltd., and a supervisor of Wanda International Cinemas Co., Ltd.. He was also the general manager of the investment banking division of southwestern China under Huaxia Securities, a director of the merger and acquisition business department, a deputy general manager of Beijing Xuan Da Investment Co., Ltd., and an investment director of New Horizon Fund. He has obtained the qualifications for practicing laws in the PRC and holds a master's degree.

Hong Ye, born in March 1970, has been a Supervisor of the Company since 6 August 2008. Ms. Hong has been a director of Beijing Zizhu Pharmaceutical Co., Ltd., Beijing Eastern Petrochemical Co., Ltd. and Beijing Light Industry Snowflower Electrical Apparatus Co., Ltd. since September 2000, December 2002 and April 2005, respectively. Ms. Hong has been a supervisor of Xinbeishui and Beijing SevenStar Science & Technology Co., Ltd. since 1 December 2006 and 18 April 2007, respectively. Ms. Hong has served as a senior deputy manager for Business Department I of China Cinda Asset Management Corporation (Beijing Office) since June 2006. She served as a supervisor of Beijing Huaer Co., Ltd. (now known as Guoyuan Securities Co., Ltd.), an A-share company listed on the Shenzhen Stock Exchange (Stock Code: 000728), from 29 June 2006 to 25 October 2007. She joined the Asset Management Department of China Cinda Asset Management Corporation (Beijing Office) in August 1999. Ms. Hong obtained her master's degree in enterprise administration from the University of International Business and Economics in June 2005.

Fan Xiaolan, born in September 1954, has been a Supervisor of the Company since 21 December 2005. Ms. Fan has been the secretary of the communist party committee for the headquarters of the Parent since July 2004. Since February 1992, Ms. Fan has been an officer and the chief of the female workers committee and vice chairperson of the labour union of General Corporation of Beijing Building Material Group, another predecessor of the Parent. From March 2004 to July 2004, she served as a vice secretary of the communist party committee for the headquarters of the Parent. Ms. Fan graduated in July 2002 from Communist Party of China Beijing Municipal Committee Party School, where she majored in law.

Wang Youbin, born in August 1952, has been a Supervisor of the Company since 21 December 2005. Mr. Wang has been an executive director and a manager of Beijing Xiang Brand Walling Materials Co., Ltd. since 12 September 2006. Since November 1984, Mr. Wang had been the deputy factory director of Beijing No.2 Concrete Product Plant. He had also been a factory director of Beijing No.1 Concrete Product Plant (now known as Beijing Xiang Brand Walling Materials Co., Ltd.) and the general manager of Beijing Sanchong Mirrors Co., Ltd. since June 1991 and January 2002, respectively. Mr. Wang graduated in January 1989 from Beijing Economics Correspondence University (now known as Beijing Economics & Management Correspondence Institute), where he majored in economic administration. He is a senior engineer.

Ma Weixin, born in July 1973, has been a Supervisor of the Company since 29 June 2010. Mr. Ma successively served as finance manager and chief director of finance and investment management centre for Guangdong Zhujiang Real Estate Development Centre Co., Ltd. from July 1997 to November 2009. Mr. Ma was appointed as chief director of finance and investment management centre of Hopeson Holdings Limited since November 2009. Mr. Ma graduated from Guangdong University of Business Studies in 1997 with a bachelor's degree in accounting.

Senior Management

Guo Yanming, born in January 1962, is a vice president of the 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 the Company's general economist from March 2006 to April 2009. Mr. Guo has accumulated more than 24 years of experience in corporate management and human resources in the building materials industry. Since June 2003, Mr. Guo had been a general manager assistant for the Parent. Mr. Guo graduated in July 1985 from Beijing Economics College (currently known as Capital University of Economics and Business), where he majored in industrial enterprise administration. He is a senior economist.

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

Wang Shizhong, born in October 1969, is a vice president of the Company, has served as chief of the property development segment of the Company and an assistant to the general manager of the Parent since February 2008. Mr. Wang has more than 17 years of extensive experience in property development, and served as a deputy manager of a property development company of the Parent from November 1996. He was the secretary of the communist party committee and a deputy manager of a property development company of the Parent from February 1999 to March 2006, and was appointed as an assistant to the general manager of the Company in March 2006. He is mainly responsible for the overall business development and strategic planning for the property operations of the Group. He graduated from Tsinghua University majoring in civil engineering. He is a senior engineer.

Li Weidong, born in June 1968, is a vice president of the Company, has served as chief of the real estate division of the Company and a manager of BBMG Property Management since February 2008. Mr. Li also serves as an assistant to the general manager of the Parent. He has accumulated more than 20 years of work experience in the cement and property sectors. He had worked for more than 15 years at Beijing Yanshan Cement Factory. He was a manager of Beijing Yanshan Cement Factory from November 2002 to March 2006. He was appointed as chief of the real estate division of the Company and a manager of Tengda Plaza (騰達大廈) in March 2006. He is mainly responsible for the overall business development, planning and management of investment properties of the Group. He graduated from School of Public Administration, Renmin University of China with a MPA degree, and was awarded a research master's degree and qualifications. He is an engineer and an economist.

Fu Qiutao, born in June 1970, is a vice president of the Company, has served as a manager of Xinbeishui, BBMG Mangrove Environmental and BBMG Fengshan Hot Spring Resort Co., Ltd., all of which are subsidiaries of the Company, since February 2008. Mr. Fu also serves as an assistant to the general manager of the Parent. Mr. Fu has worked in the building materials industry for over 18 years, and has worked in Beijing Cement Plant for more than 13 years. He was a manager of Beijing Cement Plant Co., Ltd. from December 2003 to July 2005. He was appointed as a manager of Xinbeishui and BBMG Fengshan Hot Spring Resort Co., Ltd. in July 2005. He is mainly responsible for the overall business development, planning and management of the cement and building materials operations of the Company. He graduated from the Sichuan Institute of Building Materials majoring in mining. He is a senior economist. Mr. Fu graduated from Guanghua School of Management of Peking University with an MBA degree.

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

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

Jiang Weiping
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to announce the audited consolidated results of the Group for the year ended 31 December 2010, and the satisfactory results of the Group during the said period for your review.

Annual Results

For the year ended 31 December 2010, the revenue and the profit attributable to owners of the Company amounted to RMB21,997.7 million and RMB2,716.3 million, representing an increase of 65.8% and 42.5% year-on-year respectively. The remarkable growths were mainly attributable to (i) increased product sales volume due to expanded capacity of the Group's principal operations following the completion of a number of acquisitions as well as new production lines of cement and building materials during the Reporting Period; (ii) improved profit margin due to higher product selling prices as a result of strong demand for the Company's products in the regions where the Group operates; and (iii) continuous expansions of property development segment of the Group during the Reporting Period, which has become a major source of profit for the Company. Basic earnings per share attributable to ordinary equity holders of the Company was RMB0.70 (2009: RMB0.59 (restated)).

Dividends

The Board has proposed to pay a final dividend of RMB0.07 per Share for the year ended 31 December 2010 (2009: RMB0.07 per Share). Subject to approval by the Shareholders at the forthcoming annual general meeting, the final dividends will be distributed on or before 22 July 2011 to the Shareholders whose names appear on the register of members on the record date. No interim dividend was recommended by the Board during the Reporting Period, and the total distribution of dividends for the year ended 31 December 2010 was RMB0.07 per Share (2009: RMB0.07 per Share).

Business Environment

Despite the better-than-expected global economic recovery throughout the year 2010, the Eurozone sovereign debt crisis still put the financial market in continual volatility and hampered the economic revival of European countries. In face of the profound worldwide economic transform and the complex international political rivalry, the PRC government continued to gradually divert the focus of its economic growth from policy stimulus to endogenous growth and managed to minimise the impact of frequent natural disasters on economic development. With the acceleration of the transform of economic development pattern and structural adjustment, the overall national economy in the PRC witnessed positive development, fixed-asset investment recorded stable growth and property investment generated leap-forward expansion in 2010. According to the statistical information of the National Bureau of Statistics, China's GDP grew by 10.3% in 2010 as compared with that in 2009 and nationwide fixed-asset investment rose by 23.8% year-on-year in 2010 to RMB27.8140 trillion. Property investment surged by 33.2% year-on-year in 2010 to RMB4.8267 trillion. The continuous economic growths and fixed asset investments contributed to the favourable business environment for the Company's four principal business segments during the Reporting Period.

Given the challenging global economy and complex domestic and international economic landscapes, the Board, abreast of the global socio-economic dynamics, formulated development strategies in a scientific manner, defined a clear direction, expedited shifts of growth model, fine-tuned the path for development and stepped up technological innovation. Capitalising on favorable industry regulatory policies, the Group improved industry planning and strategic deployment, strengthened capital operations and resources consolidation, aggressively expanded the business in regional markets and enhanced integration of regional resources and adjustment of internal resources, so as to raise management standard and operational efficiency, while maintaining a steady, fast and sound growth of operating results and a steady growth in its principal businesses. Meanwhile, by seizing favorable opportunities in the capital market, the Group have completed various asset injections and kicked off merger proposal of Hebei Taihang Cement Co., Ltd. ("Taihang Cement") and the Company's A share listing on the A-share market in 2010.

Industry Development

In September 2009, the National Development and Reform Commission announced to rectify the issues of surplus production capacity and repetitive constructions in certain industries (including cement). The policies were designed to strictly restrict construction of cement production lines by requiring all cement projects then approved but had not commenced construction to re-seek approvals for construction. During the Reporting Period, the Ministry of Industry and Information Technology published the document "Entry Conditions for Cement Industry" on 30 November 2010 with effect from 1 January 2011, all provinces, autonomous regions and municipalities directly under the PRC central government are required to exercise strict control over construction of new cement (clinker) production lines in the principle of controlling the total cement capacity for orderly development. Meanwhile, new cement clinker production lines to be constructed shall be strictly eliminated on the basis of "equivalent or less amount", and a number of requirements are imposed on cement projects including restriction on per capita clinker capacity at the province level, sufficiency of lime resources, production process, energy consumption, emission and other environmental requirements, production quality, health and safety conditions. The document also stated that the PRC government encourages consolidation among the cement industry for more efficient utilisation of national resources.

In addition, in May 2010, the State Council of China published the target of closing 91.6 million tonnes of low-efficiency cement capacity across the country. Also in August 2010, the Ministry of Industry and Information Technology announced to close 762 companies with approximately 107 million tonnes of obsolete cement capacity by September 2010, and it is expected that all low-efficiency cement companies will be eliminated by 2015.

The Company is confident that the long-term development policies for domestic cement industry set by the PRC government will present more opportunities for the Company's cement and building material businesses, which will allow the Company to further reinforce its "grand cross-shape" strategic layout (大十字戰略佈局) covering Beijing, Tianjin and Hebei and uplift the position and dominance of its cement business in the PRC cement market.

Following the rapid growth in 2009, the domestic real estate market maintained its momentum in the first quarter of 2010, leading to surging property and land prices throughout the PRC. This resulted in a stricter control from the PRC central government which published a series of regulatory policies on the real estate market. In addition to the regulatory policies on demand, on the supply side, the PRC government took initiatives including increasing land supply, accelerating construction of affordable housing and strengthening the accountability mechanism for the local governments to increase market supply and solve the housing difficulty for moderate to lower income families. As such, the Company, being one of the property developers with strongest comprehensive strengths in Beijing region and one of the largest developers of affordable housing in the PRC, will further secure its leading position in property development market under the national plan for commencing construction of approximately 10 million units of affordable housing in 2011. Capitalising on the synergy of its property development segment with other business segments, the Group will be able to capture more market opportunities to give full play of its predominance in property development segment while the PRC government implementing the national housing policies.

Outlook

According to the statistical results released by authoritative national institutions, the momentum of the global economic recovery is picking up. The economy of China continues to grow in a stable pace amidst an unstable and volatile international economic environment, and China has become the second largest economy in the world. Against the backdrop of deepening industry control imposed by the PRC government in 2011, transformational investment will be a new engine for investment growth, and strategic investment on new industries, community investment, welfare investment and investment on high-speed rail will replace real estate investment as the key for fixed asset investment in 2011. The industry structure and inter-regional linkage will be further optimised.

The Group will capitalise on the opportunities arising from the PRC government's macro policy adjustments, cope with the changes in both domestic and international economic landscapes, expand the scale of operation, comprehensively execute the strategic deployment of the industry, target on the regional markets, explore a new path to sustainable development and drive the Group into a speedy and healthy development.

With respect to the cement and ready-mixed concrete segment, the Company will promote a steady expansion of this segment in line with the macro regulatory policies of PRC, industry trend, market demand dynamics and the principles of recycling economy, so as to improve the "grand cross-shape" strategic layout as well as to reinforce its domination and influence over the cement market in the Pan Bohai and its peripheral area. While striving to maintain product quality and profitability, the Company will spare no effort to conserve energy, reduce emission and utilise resources comprehensively, consolidate its first-mover advantage in the recycling economy and work for the goal of operating an conservation-oriented and eco-friendly cement enterprise. The Company will also continue to enhance the unified marketing and sales model for the cement segment, rationalise allocation of resources and reinforce existing distribution channel while vigorously exploring opportunities in the emerging market. The Company will also tighten its grip on upstream resources such as raw materials and fuel so as to secure the long-term and adequate supply. Actively promoting the development of product quality management platform, the Company seeks significant improvement in both overall production standard and product quality. Ready-mixed concrete business will be subject to a higher level of control and monitoring so as to further improve its operational quality and profitability.

With respect to the modern building materials segment, the Company will further optimise and adjust this segment to fit in the changing industry structure, define a clear direction for the major businesses and seek growth in key sectors such as furniture and woods, wall body and insulation materials, decorative materials, refractory materials and trading and logistics. The Company will relentlessly build a well-recognised brand and dominate enterprises by enhancing support and training, renovating operational belief and growth model and strengthening brand promotion initiatives. The Company will also uphold the "Industrial Park-based" development model, with the stepping up of planning and construction of industrial parks, projects analysis and execution of organisational activities. The management model of such industrial parks will be gradually optimised, leading to an effective industry-clustered development model. The Company will also increase its effort in market exploration, deployment of market network and distribution channels in a scientific manner, and stick to the strategy of "moving out" and strengthening development of core and key projects. The Company will make progress on key projects in a solid manner so as to create a new growth engine for the economy.

With respect to the property development segment, the Company will capitalise on the PRC government's regulatory policy and, through leveraging on its own advantages, actively participate in the planning and construction of the PRC government's economically affordable housing projects. The Company will strictly adhere to the business strategy for adjusting the "two structures" (兩個結構) and "accelerating cash flow" (好水快流), while speeding up the development progress through shortening development cycle of projects without compromising quality. Marketing strategies have to be innovative and be adjusted according to market demand, leading to maximisation of income from development projects through changes in sales and promotion initiatives. With scientific analysis on land reserves and projects, sustainable development of the Company will be assured by increasing land reserves when opportunities arise. The Company will carry forward the progress of the industrialisation of real estate of the PRC, realise the synergy between industrial sectors, and make every effort to forge an international real estate business group.

With respect to the property investment and management segment, the Company actively pursues a unified model of property development, operations and services. Overall quality of the investment properties will be raised comprehensively, and occupancy rate will be maintained along with steady growth in revenue. The Company will make good use of its advantages derived from internal consolidation and branding, relentlessly raise the professional level of management operations towards a market-oriented direction, creating new ideas for development so as to add new growth engines to the economy and make breakthroughs in economic efficiency.

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

Jiang Weiping
Chairman of the Board
Beijing, the PRC, 30 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Information

Unit: RMB'000

	2010	2009 (Restated)	Change %
Revenue	***21,997,718***	13,270,696	65.8
Gross profit	***5,092,340***	3,393,722	50.1
Gross profit margin (%)	***23.1%***	25.6%	-2.5
Net profit attributable to owners of the Company	***2,716,292***	1,905,930	42.5
Basic earnings per share attributable to ordinary equity holders of the Company	***RMB0.70***	RMB0.59	18.6
Cash and cash equivalents	***5,025,398***	6,266,643	-19.8
Total assets	***61,046,495***	43,577,068	40.1
Net assets	***18,056,284***	18,518,543	-2.5

Summary of Business Information

	2010	2009 (Restated)	Change %
1. Cement Segment			
Sales volume: Cement (in 10,000 tonnes)	2,845	1,458	95.1
Concrete (in 10,000 cubic meters)	842	473	78.0
2. Modern Building Materials Segment			
Sales volume: Refractory materials (in 10,000 tonnes)	23.0	17.3	32.9
3. Property Development Segment			
Booked GFA (in 10,000 sq.m.)	87.2	47.4	84.0
Presales (sales) GFA (in 10,000 sq.m.)	89.8	52.0	72.7
4. Property Investment and Management Segment			
Gross GFA of investment property (in 10,000 sq.m.)	67.2	60.1	11.8

Review of Overall Results

In 2010, the results of the Company had grown rapidly. Revenue increased by 65.8% year-on-year to RMB21,997.7 million; gross profit amounted to RMB5,092.3 million, an increase of 50.1% year-on-year; net profit attributable to owners of the Company amounted to RMB2,716.3 million, an increase of 42.5% year-on-year.

The results of all of the Company's four business segments namely cement, modern building materials, property development and property investment and management achieved remarkable growth. Among which:

- Revenue from cement segment increased by 84.3% to RMB9,946.8 million, with gross profit increased by 76.7% to RMB1,871.7 million;

- Revenue from modern building materials segment increased by 27.5% to RMB4,271.4 million, with gross profit increased by 18.9% to RMB737.5 million;

- Revenue from property development segment increased by 88.3% to RMB6,964.0 million, with gross profit increased by 63.7% to RMB1,892.9 million;

- Revenue from property investment and management segment increased by 27.7% to RMB1,156.7 million, with gross profit increased by 26.4% to RMB635.2 million.

Analysis of Business Segments

1. Cement Segment

Addressing the adverse impacts from electricity restriction and production cutback, the Group completed a series of acquisitions of cement enterprises in light of its "grand cross-shape" (大十字) strategy, and advanced into markets such as Shanxi and Henan. The expanded business scale and optimised industry layout led to a further enhanced domination of the Group in regional cement markets. Meanwhile, a favourable interactive mechanism was established with remarkable synergy in the principle of "unified marketing, unified supply, unified quality control standards and unified management on projects newly-constructed (under construction)" (統一營銷、統一供應、統一質量控制標準和統一新(在)建項目管理). As the ready-mixed concrete business successfully marched into regional markets including Tianjin and Hebei, product profitability was further improved. During 2010, the aggregated sales volume of cement and clinker reached 28.45 million tonnes, an increase of 13.87 million tonnes year-on-year; sales volume of concrete totalled 8.42 million sq.m., an increase of 3.69 million sq.m. year-on-year. The cement segment achieved revenue of RMB9,946.8 million, an increase of 84.3% year-on-year; gross profit amounted to RMB1,871.7 million, an increase of 76.7% year-on-year.

2. Modern Building Materials Segment

The Group continued to enhance the adjustment of industrial structures and to optimise resource allocation, with the initial establishment of five key sectors, including furniture and woods, wall body and insulation materials, decorative materials, refractory materials and trading and logistics, and two industrial parks, including Dachang Modern Industrial Park and Doudian Scientific Industrial Park. During 2010, the modern building materials segment achieved revenue of RMB4,271.4 million, an increase of 27.5% year-on-year; gross profit amounted to RMB737.5 million, an increase of 18.9% year-on-year.

3. Property Development Segment

With steady paces in adjusting the "two structures" (兩個結構) and in-depth implementation of the business strategy for "accelerating cash flow" (好水快流), the Group managed to extend the presence of its property development business to Tianjin, Chongqing, Haikou, Tangshan and other cities. Scale merit and trans-regional advantages were achieved under a well-plotted blueprint. During 2010, the Company's property development segment achieved revenue of RMB6,964.0 million, an increase of 88.3% year-on-year; gross profit totalled RMB1,892.9 million, an increase of 63.7% year-on-year. Booked GFA was 872,000 sq.m., an increase of 84.0% year-on-year. Presales GFA for the year was 898,000 sq.m., an increase of 72.7% year-on-year. As at the end of the Reporting Period, site area of the Company's land reserve was nearly 6,000,000 sq.m..

Major land reserve acquired by the Group in 2010

No.	Project Name	Date of Acquisition	Group's Interest	Gross Planned Area (sq.m)	Cost of Acquisition (RMB ten thousand)	Average GFA Unit Price (RMB/sq.m)
1	Phase II of five parcels of land project located at the southside of Zhangguizhuang Road, Dongli District,Tianjin 天津市東麗區張貴莊路南側二期5宗地項目	January 2010	100%	290,466	133,000	4,579
2	Huangjueya Project of Nan'an District in Chongqing 重慶市南岸區黃桷埡項目	March 2010	100%	433,838	121,000	2,789
3	Residential Project of the partial land located at the westside of Dongshahe in Laocheng, Changping District, Beijing 北京市昌平區老城東沙河西側局部地塊居住項目	March 2010	100%	91,379	68,000	7,442
4	Phase IV of the residential project located at the southside of Zhangguizhuang Road, Dongli District, Tianjin 天津市東麗區張貴莊路南側居住區四期地塊項目	March 2010	100%	200,679	81,000	4,036
5	Chayuan Project in Chongqing 重慶市茶園項目	June 2010	100%	677,132	100,000	1,477
6	Bone China Factory Project in Tangshan 唐山陶瓷廠項目	August 2010	80%	248,874	71,500	2,873
7	Residential Project of Liyuan Town in Tongzhou District, Beijing 北京市通州區梨園鎮居住項目	November 2010	100%	138,922	147,257	10,600
8	Other projects for multi-purpose and residential land located at Liyuan Town of Tongzhou District in Beijing 北京市通州區梨園鎮其他多功能用地與居住用地項目	November 2010	100%	72,145	59,818	8,291
9	Banshan Tianyuan of Gongshu District in Hangzhou 杭州市拱墅區半山田園	November 2010	100%	142,560	133,000	9,329
	Total			2,295,995	914,575	3,983

Land reserve of the Group as at 31 December 2010

No.	Project Name and Geographic Location	Area of Land Reserve (ten thousand sq.m)	Group's Interest
(I)	Commodity Housing Projects		
1	Dachengjun (including Dacheng Times Center) 大成郡（含大成時代中心） Southern Wukesong, West 4th Ring, Beijing	23.6	100%
2	Public constructions in the Eastern Region of Dachengjun 大成郡東區公建 Southern Wukesong, West 4th Ring, Beijing	4.9	100%
3	Ancillary commercial facilities for West Wing of Dachengjun 大成郡西側商業配套 Southern Wukesong, West 4th Ring, Beijing	3.0	100%
4	Dacheng Linglongtiandi 大成玲瓏天地 No.32 Wukesong Road, Haidian District, Beijing	7.7	100%
5	Changan Shanlu 長安山麓 Tiancun, Haidian District, Beijing	1.7	100%
6	Dongshahe Xihai'an 東沙河西海岸 Jieshan, Changping District, Beijing	7.1	100%
7	Dongshahe Xihai'an Phase II 東沙河西海岸二期 Jieshan, Changping District, Beijing	11.1	100%
8	Jinyu Feili 金隅翡麗 Eastern Xisanqi, Haidian District, Beijing	7.1	100%
9	Jinyu Huashijiang 金隅花石匠 Liyuan, Tongzhou District, Beijing	42.0	100%
10	Jinyu Tuqiao Phase III 金隅土橋三期 Liyuan, Tongzhou District, Beijing	7.2	100%
11	Dacheng Jiukeshu Project 大成九棵樹項目 Liyuan, Tongzhou District, Beijing	13.9	100%
12	Jinyu Fuge 金隅賦格 Huang Village, Daxing District, Beijing	10.2	100%
13	Jinyu Vanke City 金隅萬科城 Technology Park, Changping District, Beijing	29.0	51%
14	Tianjin Jinyu Yuecheng Phase I 天津金隅悦城一期 Jinbin Ave, Dongli District, Tianjin	33.1	100%
15	Tianjin Jinyu Yuecheng Phase II 天津金隅悦城二期 Jinbin Ave, Dongli District, Tianjin	20.0	100%

Land reserve of the Group as at 31 December 2010 *(continued)*

No.	Project Name and Geographic Location	Area of Land Reserve (ten thousand sq.m)	Group's Interest
16	Inner Mongolia Jinyu Times City 內蒙金隅時代城 Xin Cheng District, Huhhot, Inner Mongolia	30.0	100%
17	Hangzhou Jinyu Guanlan Times 杭州金隅觀瀾時代 Xiasha Economic Development Zone, Hangzhou	62.8	100%
18	Gongshu Project in Hangzhou 杭州拱墅項目 Banshan Tianyuan, Gongshu District, Hangzhou	14.3	100%
19	Project of Nan'an District in Chongqing 重慶南岸區項目 Huangjueya, Nan'an District, Chongqing	43.4	100%
20	New Chayuan District Project in Chongqing 重慶茶園新區項目 New Chayuan District, Nan'an District, Chongqing	67.7	100%
21	Dachengshan Project in Tangshan 唐山大城山項目 Lubei District, Tangshan, Hebei	30.5	80%
22	Dacheng Hainan Project 大成海南項目 Lingshan Town, Meilan District, Haikou City, Hainan	4.9	100%
23	Other commodity housing projects in Beijing Various urban areas in Beijing	0.5	100%
		475.7	
(II)	Affordable Housing Projects		
1	Economically affordable housing in Yanshan 燕山經濟適用房 Shijingshan District, Beijing	33.2	100%
2	Jinyu Tongheyuan 金隅通和園 Tujiao, Tongzhou District, Beijing	18.0	100%
3	Jinyu Kanghuiyuan 金隅康惠園 Shuangqiao, Chaoyang District, Beijing	25.0	100%
4	Chaoyang New City and non-ancillary public constructions 朝陽新城及非配套公建 Dongba, Chaoyang District, Beijing	25.0	100%
5	Jinyu Jiaheyuan and public constructions 金隅嘉和園及公建 Dongshahe, Changping District, Beijing	6.6	100%
6	Jinyu Meiheyuan and public constructions 金隅美和園及公建 Western Xisanqi, Haidian District, Beijing	1.8	100%
7	Other affordable housing and ancillary public constructions Various urban areas in Beijing	4.5	100%
		114.1	
Total		589.8	

4. Property Investment and Management Segment

Taking full use of integrated advantages under innovative business mode, the Group took efforts in enhancing service quality and management level of this segment, which witnessed the steady improvement of economic benefit and growth capability. During 2010, this segment achieved revenue of RMB1,156.7 million, an increase of 27.7% year-on-year; gross profit amounted to RMB635.2 million, an increase of 26.4% year-on-year. As at the end of the Reporting Period, the total GFA of investment properties held by the Group in core regions of Beijing for commercial purpose reached 672,000 sq.m..

Investment properties held by the Group as at 31 December 2010

	Location	Property Gross Area (in 10,000 sq.m.)	Fair Value (RMB hundred million)	Rental Unit Price (RMB/day)	Average Occupancy Rate	Unit Fair Value (RMB/sq.m.)
Phase 1 of Global Trade Center	North Third Ring, Beijing	10.5	19.4	5.7	95%	18,472
Phase 2 of Global Trade Center	North Third Ring, Beijing	16.3	23.6	4.7	91%	14,514
Phase 3 of Global Trade Center(G/F)	North Third Ring, Beijing	5.9	8.0	4	73%	13,473
Tengda Plaza	West Second Ring, Beijing	7.8	10.6	4.7	97%	13,590
Jin Yu Building	West Second Ring, Beijing	4.5	7.7	4.1	98%	17,173
Jianda Building/ Jiancai Jingmao Building	East Second Ring, Beijing	4.7	9.1	3.6	98%	19,270
Dacheng International Center	East Fourth Ring, Beijing	4.2	5.2	4.3	100%	12,381
	Sub-total	**53.9**	**83.6**			**15,508**
Other properties	Beijing Municipality	13.3	14.0			10,531
	Total	**67.2**	**97.6**			**14,524**

Analysis of Other Items in Income Statement

1. Other income and gains

During the Reporting Period, other income and gains of the Group amounted to RMB1,367.3 million, an increase of RMB626.1 million year-on-year. The increase was mainly attributable to increased VAT refunds due to higher revenue of cement segment.

2. Net fair value gains on investment properties

During the Reporting Period, the net fair value gains on investment properties of the Company were RMB735.2 million. The net fair value gains on investment properties were mainly due to an upward revision to fair value of the Company's investment properties by the valuer based on the surging property prices in Beijing open market.

3. Selling and distribution costs, administrative expenses and finance costs

During the Reporting Period, there were noticeable drops in the Group's period expense in terms of percentage to revenue.

(a) In 2010, selling and distribution costs were RMB855.7 million, an increase of RMB289.4 million year-on-year. Through unified sale channels and other methods implemented by the Company, the percentage of selling and distribution costs to revenue decreased by 0.4 percentage points year-on-year to 3.9%.

(b) In 2010, administrative expenses were RMB1,562.2 million, an increase of RMB328.0 million year-on-year. Such increase was mainly due to the business expansion of the Group's concrete and cement enterprises. However, as the Company carried out the integration of internal management, the percentage of administrative expenses to revenue decreased by 2.2 percentage points year-on-year to 7.1%.

(c) In 2010, finance costs were RMB360.8 million, an increase of RMB126.4 million year-on-year. Through unified capital management, centralised borrowing and improvement of corporate credit rating, interest rates for most borrowings were 10% below the benchmark rate. The percentage of finance costs to revenue decreased by 0.2 percentage points year-on-year to 1.6%.

Analysis of Assets and Liabilities

Comparison of major assets and liabilities items

	As at 31 December 2010 RMB million	2009 RMB million (Restated)	Change (%)
Current assets	**33,262.5**	22,232.6	49.6
Current liabilities	**27,765.2**	15,718.6	76.6
Net current assets	**5,497.3**	6,514.0	-15.6
Non-current assets	**27,784.0**	21,344.5	30.2
Non-current liabilities	**15,225.0**	9,340.0	63.0
Total assets	**61,046.5**	43,577.1	40.1
Net assets	**18,056.3**	18,518.5	-2.5
Debt ratio (%) (total liabilities to total assets)	**70.4%**	57.5%	12.9 percentage points

Capital Expenditure

	For the year ended 31 December 2010 RMB million	2009 RMB million (Restated)	Change (%)
Cement	**4,914**	2,384	106.2
Modern building materials	**285**	481	-40.7
Property development	**11**	11	–
Property investment and management	**552**	553	-0.2
Total	**5,762**	3,429	68.1

Liquidity and Financial Resources

As at 31 December 2010, the Group's consolidated total assets amounted to RMB61,046.5 million, an increase of 40.1% from the end of last year which were financed by liabilities of RMB42,990.2 million, non-controlling interests of RMB1,882.1 million and equity of RMB16,174.2 million. The asset quality was significantly improved; net assets amounted to RMB18,056.3 million, a slight decrease of 2.5% from the end of last year. As at 31 December 2010, the Group's net current assets were RMB5,497.3 million, a decrease of RMB1,016.7 million year-on-year. Debt ratio (total liabilities to total assets) was 70.4%, an increase of 12.9 percentage points from the beginning of the Reporting Period.

As at 31 December 2010, the Group's cash and bank balances amounted to RMB5,025.4 million, a decrease of RMB1,241.2 million year-on-year. During the Reporting Period, the Group generally financed its operations with internally generated resources, corporate bonds, medium-term notes and banking facilities provided by its principal bankers in the PRC. As at 31 December 2010, the Group's interest-bearing bank borrowings amounted to RMB16,899.3 million. Of these borrowings, approximately RMB9,328.8 million interest bearing bank borrowings were due for repayment within one year, an increase of approximately RMB5,956.4 million from the beginning of the year. Approximately RMB7,570.4 million interest-bearing bank borrowings were due for repayment after one year, an increase of approximately RMB2,792.1 million from the beginning of the year.

During the Reporting Period, the Company successfully issued the medium-term notes in two tranches of RMB2.0 billion and RMB0.8 billion with a tenure of five years and interest rates of 4.38% and 5.85%, respectively.

During the Reporting Period, the Company signed cooperation agreements with various banks to obtain credit facility with an interest rate of 10% lower than the benchmark interest rate of the bank for the same period. With a substantially improved financial status and capital structure, the Company's business development obtained steady capital support.

Material Acquisitions of Subsidiaries

(a) On 17 January 2010, the Group entered into six acquisition agreements (collectively, the "First Acquisition Agreements") with the Parent and Dacheng Property, a wholly-owned subsidiary of the Parent, for several acquisitions with a total consideration of approximately RMB1,496 million.

Pursuant to the First Acquisition Agreements, the Group acquired 60.64% equity interest in Zhenxing Cement and 100% equity interest in Shanghai Sanming from the Parent. The Company paid cash considerations of approximately RMB414,478,000 to the Parent during the year. Pursuant to the First Acquisition Agreements, Dacheng Property transferred 90% equity interest in Zhangjiakou Cement, 90% equity interest in Quyang Cement, 100% equity interest in Zhuolu Cement and 100% equity interest in Dacheng Group to the Company. The total considerations in respect of the agreements for the equity acquisitions from Dacheng Property is approximately RMB1,081,911,000.

The Board considered that the above acquisitions (i) are the appropriate and reasonable measures to avoid possible business competition between the Parent and the Group; (ii) provide an excellent opportunity for the Group to expand its business operation for cement and property development and management segments in the Beijing-Bohai Gulf Region; and (iii) can enhance the operating efficiency of the Group through larger operation scale and sharing of resources within the Group. The transactions under the First Acquisition Agreements were completed during the Reporting Period.

(b) On 28 January 2010, the Company entered into an equity acquisition agreement with Hebei Tiantashan, pursuant to which the Company has agreed to acquire from Hebei Tiantashan a 13.33% equity interest in Zanhuang Cement for a total consideration of RMB40.0 million. The Board considered that the above acquisition provide an excellent opportunity for the Company to consolidate the internal resources and corporate structure for the cement business of the Group, thereby enhancing management efficiency and effectiveness. In addition, it is expected that the acquisition can improve return of profit for the cement business of the Group. The transaction was completed during the first half of the Reporting Period.

(c) On 31 May 2010, the Group entered into a series of agreements (collectively, the "Second Acquisition Agreements") with the Parent or its subsidiaries (collectively the "Parent Group") in respect of the purchase of the equity interests in sixteen entities from the Parent Group. Pursuant to the Second Acquisition Agreements, the Group has agreed to acquire from the Parent Group, 100% equity interest in Tianjin Jinzhu Concrete, 33.88% equity interest in Beijing Cement Plant, 100% equity interest in Beijing Eco-island, 100% equity interest in Beijing Yaxin, 100% equity interest in Beijing Longshuncheng, 67.5% equity interest in Crane Beijing, 100% equity interest in Beijing Yanshan Cement, 100% equity interest in Beijing Architectural Decoration, 100% equity interest in Badaling Travel, 100% equity interest in Beijing Zhongweisenhai, 100% equity interest in BBMG Dacheng, 100% equity interest in Beijing Ganlujiayuan, 100% equity interest in Beijing Yuandongjiemei, 100% equity interest in BBMG Hong Kong, 100% equity interest in BBMG Human Resources and 100% equity interest in BBMG Hongye (collectively, the "Second Acquirees"). The total consideration for the acquisitions of the Second Acquirees is approximately RMB2,378,687,000. The Board considered that the above acquisitions are beneficial to the Group in the way that such acquisitions (i) provide the Group with greater access to the cement market in the Beijing and Tianjin vicinities and will enable the Group to expand its cement business in the greater Beijing-Bohai Gulf Region; (ii) avoid business competition between the Parent Group and the Group in the cement industry; (iii) enhance the Group's competitiveness in the environmental protection business; (iv) enhance and enlarge the development of the Group's modern building materials business; (v) extend and expand the business scope of the Group's property development business and increase the land bank reserves of the Group for future potential property development use; (vi) enhance the property investment business segment of the Group and provide an excellent opportunity for the Group to expand its property investment and management business in the PRC; and (vii) establish an offshore business platform for future business development. The acquisitions of thirteen of the Second Acquirees have been completed during the Reporting Period and the Group expected that the remaining three acquisitions would be completed before 30 May 2011.

(d) Pursuant to an equity reorganization agreement entered into with China Cinda dated 4 June 2010, the Company further acquired 66.12% in Beijing Cement Plant from China Cinda for a consideration of approximately RMB623,656,000. The Board considered that the above acquisition provide an excellent opportunity for the Company to consolidate the internal resources and corporate structure for the cement business of the Group, thereby enhancing management efficiency and effectiveness. In addition, it is expected that the acquisition can improve return of profit for the cement business of the Group. The above acquisition was completed on 31 December 2010, and together with the 33.88% equity interest in Beijing Cement Plant that the Company acquired from the Parent earlier, Beijing Cement Plant became a wholly-owned subsidiary of the Company. The consideration for the acquisition of 66.12% equity interest in Beijing Cement Plant from China Cinda will be settled by consideration shares to be issued by the Company within 12 months after completion of such acquisition.

(e) On 6 July 2010, the Company and Taihang Cement entered into a merger agreement in respect of the merger of Taihang Cement with the Company (the "Merger Proposal") and the Company will issue A shares to the shareholders of Taihang Cement to implement the Merger Proposal (the "A Share Issue"). The Board considered that the Merger Proposal is (i) a better mean to implement the undertaking made by the Parent regarding the avoidance of the potential business competition between the Parent and Taihang Cement; (ii) a mean to avoid business competition between the Company and Taihang Cement; (iii) a mean to reduce the continuing connected transaction amounts between the Parent Group and the Group and to consolidate and streamline the cement assets within the Group for the Group's future development; and (iv) a chance for establishing a new financing platform in the A share stock market for the Group in the future. The Merger Proposal was completed subsequent to the Reporting Period on 1 March 2011.

Pledge of Assets

As at 31 December 2010, certain of the Group's investment properties, property, plant and equipment, land use rights and properties under development amounting to approximately RMB6,261.4 million (31 December 2009: RMB6,977.3 million (restated)) were pledged to certain banks for securing the loans granted to the Group and accounted for approximately 10.3% of the total assets of the Group (31 December 2009: 16.0% (restated)).

Contingent Liabilities

(a) 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 title 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 consider the risk of default in payment is remote and 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 these financial statements for the guarantees.

(b) The Group had contingent liabilities in relation to the transfer of certain other payables balances to the Parent in an aggregate amount of approximately RMB176.3 million (2009: 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.

(c) 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 the management believes that the probability of loss is remote. The Parent has agreed to indemnify the Group in respect of any loss or damages relating to the defective title certificate.

Capital Commitments

The Group entered into certain agreements in respect of acquisition of property, plant and equipment, construction of properties being developed by the Group for sale and capital contribution to a jointly-controlled entity. As at 31 December 2010, the Group had a total capital commitment of RMB5,309.4 million (31 December 2009: RMB2,653.6 million (restated)).

Employees

As at 31 December 2010, the Group had 27,318 employees in total (as at 31 December 2009: 18,759). The Group provides its employees in the PRC with retirement insurance, medical insurance, unemployment insurance, maternity insurance and industrial injury insurance as well as a housing provident fund pursuant to the PRC laws and regulations. The Group pays salaries to the employees based on a combination of factors such as their positions, terms of service and work performance, and reviews these salaries and benefits on a regular basis.

Foreign Exchange Risk Management

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

Treasury Policies

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

Future Prospects and Outlook

To shrewdly schedule the construction of major projects, the Group will strengthen the command, coordination and deployment system in project implementation, and exercise strict supervision over budget implementation and cost control, so as to ensure project quality, shortened construction cycle and earlier commissioning to fuel the momentum of business growth.

1. Cement Segment

The Group will earnestly press forward preliminary study on production expansion, consumption reduction and projects renovation for existing clinker production lines with a daily capacity below 4,000 tonnes. Preliminary approval procedures will be pushed forward for projects including the disposal of fly ash arising from trash incineration in the cement plant owned by Liulihe Cement, and the active lime production line with a daily capacity of 800 tonnes of Baoding Taihang Heyi Cement Co., Ltd., Qinyang BBMG Cement Co., Ltd. will steadily proceed with the carbide slag-based clinker production line with a daily capacity of 2,500 tonnes. The acceptance check for completed projects will be concluded as soon as possible, including cement grinding system technological renovation (Phase 1) in the cement plant owned by Liulihe Cement, sludge treatment line of Beijing Xinbeishui Cement Co., Ltd., and four clinker production lines of Zanhuang Cement, Quyang Cement, Zhuolu Cement and Handan Shexian BBMG Cement Co., Ltd. each with a daily capacity of 4,000 tonnes.

2. Modern Building Materials Segment

While the first flagship store in Tianjin of Beijing Tiantan Corporation will commence trial operation in October 2011, the hardwood furniture technological renovation project of Beijing Longshuncheng Chinese Style Furniture Plant is expected to complete in the fourth quarter of 2011. The upgrade project for the aerated concrete production line of BBMG Aerated Concrete Shijingshan production base, with an annual production capacity of 180,000 cubic meters, and the aerated concrete production line project in Doudian, with an annual production capacity of 300,000 cubic meters, are to be completed respectively in the first quarter and the first half of 2011. The coating production line of BBMG Coating Plant with an annual capacity of 50,000 tonnes and the composite refractory material production line (Phase 1) of Tongda Yangquan with an annual production capacity of 150,000 tonnes started operation in January 2011. The Doudian building materials testing base project (Phase 1) of Beijing Building Materials Academy Co., Ltd. will be completed and put into operation in the first quarter of 2011. On trading and logistics, while fortifying the existing business, the Group will expand business coverage under innovative marketing mode for a leap in development.

3. Property Development Segment

For projects under construction, construction period will be rationally scheduled to speed up development progress. The housing project with restrictions on house and land prices on the land owned by of Beijing Yanshan Cement will commence construction in full scope, and the remaining part of housing renovation project in north area of Xisanqi and projects in Tangshan and Chongqing will commence construction as scheduled. Projects including Dachengjun (大成郡), Hangzhou Jinyu Guanlan Times (杭州金隅觀瀾時代), Jinyu Huashijiang (金隅花石匠) and Tianjin Jinyu Yuecheng (天津金隅悦城), as well as some buildings of affordable housing projects including settlement housing in Zhaikou (寨口定向安置房), Jinyu Kanghuiyuan (金隅康惠園), Jiaheyuan (嘉和園) and Jingheyuan (景和園) will be completed and delivered for use, to ensure the revenue of RMB10.5 billion for 2011. Sheraton Jinyu Hotel will complete fine decoration to be ready for opening in May 2011, and the decoration work for the apartments will be completed within 2011.

For projects in sale, more marketing will be taken to expedite cash inflow. The Group will exert itself to sell out the residential of Inner Mongolia Jinyu Times City (內蒙金隅時代城), Jinyu Xihai'an Phase II (金隅西海岸二期), Dachengjun (大成郡), Jinyu Vanke City (金隅萬科城), Hangzhou Jinyu Guanlan Times (杭州金隅觀瀾時代) and Linglongtiandi (玲瓏天地). Property sales will be started for Tangshan Project (唐山項目) in the first half of 2011, for the residential part of housing renovation project in north area of Xisanqi in the third quarter of 2011, and for other projects within the coming year, including Tianjin Jinyu Yuecheng (天津金隅悦城), Jinyu Xihai'an (金隅西海岸), Chongqing Chayuan (重慶茶園) and the project in Haikou. In addition, confirmation procedures of potential housing occupants for affordable housing projects will be accelerated, aiming to confirm all potential housing occupants within the coming year for Jinyu Kanghuiyuan (金隅康惠園), Jiaheyuan (嘉和園) and the housing project with restrictions on house and land prices on the land owned by Beijing Yanshan Cement.

The development of self-owned land resources will be expedited, with priorities on land planning adjustment and primary land development for Xingpai (星牌), Beiao (北奥), Xisanqi region (西三旗地區), Xisha (西砂), Tuqiao Phase IV (土橋四期) and other land parcels to ensure the acquisition of project development right at competitive prices.

4. Property Investment and Management Segment

The preparation work for operation of Sheraton Jinyu Hotel and its apartments will be pushed ahead with strong preliminary promotion, to ensure the hotel to commence operation in the first half of 2011, and the apartments within 2011. For the central area project in Fengshan Hotspring Resort, the preliminary study together with the procedures for land user change and land usage change will be stepped up. The tourism resources of Mangshan Forest Park are yet to be further developed. Badaling Resort will speed up the improvement of supporting facilities to show profit earlier. For newly acquired commercial projects of Beijing Jianji, it will press forward the leasing work. In the first half of 2011, the commercial part of Time Landmark (當代名築) will commence full-scope operation. During 2011, the Group will officially take over the commercial project of Kanghuiyuan (康惠園).

Use of Proceeds

The Company raised proceeds of approximately HK$6.85 billion from its initial public offer on the Main Board of the Stock Exchange on 29 July 2009. After deducting overseas listing related expenses, the net proceeds available for utilisation were approximately HK$6.55 billion (approximately equivalent to RMB5.81 billion). As stated in the prospectus of the Company dated 17 July 2009 and the announcement of the Company dated 17 January 2010, the Group had plans to use such proceeds obtained. The amount applied to the intended use and the residual amount to be used as at 31 December 2010 were as follows:

Usage	Intended planned use during the period from 29 July 2009 to 31 December 2009 RMB'000	Used during the period from 29 July 2009 to 31 December 2009 RMB'000	**Intended planned use of the residual proceeds for the year ended 31 December 2010 RMB'000**	**Actual amounts used during the year ended 31 December 2010 RMB'000**
Cement segment	2,150,000	71,400	***1,465,600***	***1,465,600******
Modern building materials segment	407,000	404,000	–	–
Property development segment	1,801,000	2,284,000	–	–
Repayment of bank loans	871,000	866,000	–	–
Working capital and other general corporate purposes	581,000	719,000	–	–
Total	5,810,000	4,344,400	***1,465,600***	***1,465,600***

* As disclosed in the announcement of the Company dated 17 January 2010, the aggregate consideration of the acquisitions of Zhuolu Cement, Zhenxing Cement, Zhangjiakou Cement, Quyang Cement, Dacheng Group and Shanghai Sanming of approximately RMB1,496 million was funded by the proceeds from the initial public offering.

Reconciliation Between CASs and HKFRSs

	Equity attributable to owners of the Company	
	As at 31 December 2010 RMB'000	As at 31 December 2009 RMB'000 (Restated)
Prepared under CASs	***16,447,287***	16,936,041
Difference arising from assets valuation of the corporate restructuring	***(273,049)***	(287,347)
Prepared under HKFRSs	***16,174,238***	16,648,694

	Net profit attributable to owners of the Company for the year ended	
	31 December 2010 RMB'000	31 December 2009 RMB'000 (Restated)
Prepared under CASs	***2,701,993***	1,889,862
Difference arising from assets valuation of the corporate restructuring	***14,299***	16,068
Prepared under HKFRSs	***2,716,292***	1,905,930

REPORT OF THE DIRECTORS

The Directors present the report of the Directors and the audited financial statements of the Company and the Group for the year ended 31 December 2010. The Company was established and registered as a joint stock company with limited liability in the PRC under the Company Law of the PRC on 22 December 2005 and registered on 4 November 2008 as a non-Hong Kong company in Hong Kong under part XI of the Hong Kong Companies Ordinance. The H Shares of the Company were listed on the Main Board of the Stock Exchange on 29 July 2009. The A Shares of the Company were listed on the Shanghai Stock Exchange on 1 March 2011.

PRINCIPAL ACTIVITIES

The 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.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 99 to 217 of this Annual Report.

No interim dividend has been paid during the Reporting Period. The Directors now recommend the payment of a final dividend of RMB0.07 per Share to the qualified Shareholders on or before 22 July 2011 subject to the approval of the Shareholders at the forthcoming annual general meeting.

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

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Company and the Group during the Reporting Period are set out in notes 14 and 15 to the financial statements, respectively.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and the prospectus of the Company dated 17 July 2009, is set out on page 224 of this Annual Report. This summary does not form part of the audited financial statements.

BANK LOANS, CORPORATE BONDS AND NOTES

Details of the Company's and the Group's bank loans, corporate bonds and notes as at 31 December 2010 are set out in notes 30 and 32 to the financial statements, respectively. During the Reporting Period, interest capitalized amounted to approximately RMB321,771,000, details of which were set out in note 7 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 37 to the financial statements.

Up to the date of this report, based on publicly available information and to the knowledge of the Directors, the Company has been complying with the prescribed public float requirement under the Listing Rules.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in note 38 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2010, an amount of approximately RMB3,038,007,000 standing to the credit of the Company's reserve account is available for distribution.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors of the Company during the Reporting Period were:

Executive Directors:

Jiang Weiping *(Chairman)*	
Li Changli *(Vice Chairman)*	
Jiang Deyi *(President)*	
Wang Hongjun	
Deng Guangjun	(appointed on 30 March 2010)
Zhang Handong	(resigned on 30 March 2010)

Non-executive Director:

Zhou Yuxian	(resigned on 30 March 2011)

Independent non-executive Directors:

Hu Zhaoguang
Xu Yongmo
Zhang Chengfu
Yip Wai Ming

Supervisors:

Wang Xiaoqun	
Hu Jingshan	
Zhang Jie	
Hong Ye	
Fan Xiaolan	
Wang Youbin	
Ma Weixin	(appointed on 29 June 2010)
Chen Changying	(resigned on 29 June 2010)

Zhou Yuxian has submitted his resignation letter to the Board of the Company on and with effect from 30 March 2011 in respect of the resignation of his directorship with the Company as well as his position in the Audit Committee of the Board.

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

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors, the Supervisors and the senior management of the Group are set out on pages 11 to 21 of this Annual Report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN BUSINESSES COMPETING WITH THE GROUP

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

EMPLOYEE RETIREMENT PLAN

Please refer to note 34 to the financial statements for details of the Group's employee retirement plan.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND SUPERVISORS' REMUNERATIONS

Details of the remunerations of the Directors and Supervisors of the Company are set out in note 8 to the financial statements.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2010, none of the Directors, the Supervisors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part VI of the SFO (including interest and short positions which they have taken or were deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2010, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

TRANSACTIONS IN RESPECT OF THE GROUP'S OWN SECURITIES

During the Reporting Period, the Group had neither issued nor granted any convertible securities, options, warrants or other similar rights. As at 31 December 2010, the Group had no redeemable securities.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as was known to the Directors, as at 31 December 2010, Shareholders who had interests or short positions in the Shares and underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions:

Type of shareholding	Name of Shareholder	Capacity and nature of interest	Number of Shares held	Percentage of such shareholding in the same type of the issued share capital (%)	Percentage of total issued share capital (%)
Domestic shares	BBMG Group Company Limited	Directly and beneficially owned	1,753,647,866	74.14	45.27
Domestic shares	China National Materials Co., Ltd.	Directly and beneficially owned	239,580,000	10.13	6.19
Unlisted foreign shares	Hopeson Holdings Limited	Directly and beneficially owned	205,380,000	60.68	5.30
H Shares	JP Morgan Chase & Co.	Directly and beneficially owned	186,341,782	15.94	4.81
H Shares	Sloane Robinson LLP	Directly and beneficially owned	70,497,000	6.03	1.82

Save as disclosed above, as at 31 December 2010, so far as was known to the Directors, there were no other parties who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

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

COMPETITION AND CONFLICT OF INTERESTS

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

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, the following transactions are "connected transactions" or "continuing connected transactions" as defined in the Listing Rules and are required to be disclosed in the annual report of the Company.

A. One-off Connected Transactions

(1) Acquisition of a cement production line

On 15 January 2010, Dingxin Cement, a wholly-owned subsidiary of the Company, entered into an asset transfer agreement with Beijing Pinggu to acquire a cement production line with a daily capacity of 2,000 tonnes of clinker for a consideration of RMB118,617,419.60. The transaction was completed on 15 January 2010.

Beijing Pinggu is a wholly-owned subsidiary of the Parent, which in turn is the substantial shareholder of the Company. Beijing Pinggu is therefore an associate of the Parent and hence a connected person of the Company for the purposes of the Listing Rules.

(2) Acquisitions of equity interest in Zhenxing Cement, Zhangjiakou Cement, Quyang Cement, Zhuolu Cement, Dacheng Group and Shanghai Sanming

On 17 January 2010, the Company (as purchaser) and the Parent or Dacheng Property (as vendor) entered into the following acquisition agreements:

(1) the Company and the Parent entered into an acquisition agreement in respect of the acquisition of 60.64% of the equity interest in Zhenxing Cement from the Parent by the Company for a total consideration of RMB400,101,446.56 (the "Zhenxing Cement Acquisition Agreement");

(2) the Company and Dacheng Property entered into an acquisition agreement in respect of the acquisition of 90% of the equity interest in Zhangjiakou Cement from Dacheng Property by the Company for a total consideration of RMB271,406,900.22 (the "Zhangjiakou Cement Acquisition Agreement");

(3) the Company and Dacheng Property entered into an acquisition agreement in respect of the acquisition of 90% of the equity interest in Quyang Cement from Dacheng Property by the Company for a total consideration of RMB47,733,456.06 (the "Quyang Cement Acquisition Agreement");

(4) the Company and Dacheng Property entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Zhuolu Cement from Dacheng Property by the Company at nil consideration (the "Zhuolu Cement Acquisition Agreement");

(5) the Company and Dacheng Property entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Dacheng Group from Dacheng Property by the Company for a total consideration of RMB762,771,161.73 (the "Dacheng Group Acquisition Agreement"); and

(6) the Company and the Parent entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Shanghai Sanming from the Parent by the Company for a total consideration of RMB14,377,132.39 (the "Shanghai Sanming Acquisition Agreement").

On 2 February 2010, the Company, the Parent and Dacheng Property entered into a supplemental agreement to amend and supplement the terms of all the acquisition agreements above in order to make all the acquisition agreements inter-conditional upon each other.

The transactions in respect of the Zhenxing Cement Acquisition Agreement, the Zhangjiakou Cement Acquisition Agreement, the Quyang Cement Acquisition Agreement, the Zhuolu Cement Acquisition Agreement, the Dacheng Group Acquisition Agreement and the Shanghai Sanming Acquisition Agreement were completed during the first half of 2010. After completion, Zanhuang Cement, Zhangjiakou Cement and Quyang Cement became a 60.64%-owned, 90%-owned and 90%-owned subsidiary of the Company, respectively, and each of Zhuolu Cement, Dacheng Group and Shanghai Sanming became a wholly-owned subsidiary of the Company.

Dacheng Property is a wholly-owned subsidiary of the Parent, which in turn is the substantial shareholder of the Company. Dacheng Property is therefore an associate of the Parent and hence a connected person of the Company for the purposes of the Listing Rules.

The Parent is a substantial shareholder of the Company and therefore a connected person of the Company for the purposes of the Listing Rules.

(3) Acquisition of 13.33% equity interest in Zanhuang Cement

On 28 January 2010, the Company entered into an equity acquisition agreement with Hebei Tiantashan, pursuant to which the Company has agreed to acquire from Hebei Tiantashan a 13.33% equity interest in Zanhuang Cement for a total consideration of RMB40.0 million. The transaction was completed in the first half of 2010. After completion, Zanhuang Cement became a wholly-owned subsidiary of the Company.

Hebei Tiantashan is a substantial shareholder of Zanhuang Cement (a non wholly-owned subsidiary of the Company) and therefore a connected person of the Company for the purposes of the Listing Rules.

(4) Acquisitions of equity interests in sixteen entities and acquisitions of assets of two entities

A. The Equity Acquisitions

On 31 May 2010, the Company or its subsidiaries (as purchaser) and the Parent or its subsidiaries (as vendor) entered into the following equity acquisition agreements:

(1) the Company and Dacheng Property entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Tianjin Jinzhu Concrete from Dacheng Property by the Company for a total consideration of RMB16,554,100 (the "Tianjin Jinzhu Concrete Acquisition Agreement");

(2) the Company and the Parent entered into an acquisition agreement in respect of the acquisition of 33.88% of the equity interest in Beijing Cement Plant from the Parent by the Company for a total consideration of RMB319,562,200 (the "Beijing Cement Plant Acquisition Agreement");

(3) the Company and the Parent entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Beijing Eco-island from the Parent by the Company for a total consideration of RMB1 (the "Beijing Eco-island Acquisition Agreement");

(4) the Company and BBMG Assets Operation entered into an acquisition agreement in respect of the acquisition 100% of the equity interest in Beijing Yaxin from BBMG Assets Operation by the Company for a total consideration of RMB111,936,600 (the "Beijing Yaxin Acquisition Agreement");

(5) Tiantan Furniture and Beijing Building Materials entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Beijing Longshuncheng from Beijing Building Materials by Tiantan Furniture for a total consideration of RMB63,775,900 (the "Beijing Longshuncheng Acquisition Agreement");

(6) BBMG Home and Beijing Building Materials entered into an acquisition agreement in respect of the acquisition of 67.5% of the equity interest in Crane Beijing from Beijing Building Materials by BBMG Home for a total consideration of RMB2,563,400 (the "Crane Beijing Acquisition Agreement");

(7) the Company and the Parent entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Beijing Yanshan Cement from the Parent by the Company for a total consideration of RMB275,040,400 (the "Beijing Yanshan Cement Acquisition Agreement");

(8) the Company and the Parent entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Beijing Architectural Decoration from the Parent by the Company for a total consideration of RMB42,080,900 (the "Beijing Architectural Decoration Acquisition Agreement");

(9) the Company and the Parent entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Badaling Travel from the Parent by the Company for a total consideration of RMB122,562,300 (the "Badaling Travel Acquisition Agreement");

(10) Beijing Jianji and the Parent entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Beijing Zhongweisenhai from the Parent by Beijing Jianji for a total consideration of RMB550,234,000 (the "Beijing Zhongweisenhai Acquisition Agreement");

(11) the Company and Dacheng Property entered into an acquisition agreement in respect of the acquisition 100% of the equity interest in BBMG Dacheng from Dacheng Property by the Company for a total consideration of RMB11,860,800 (the "BBMG Dacheng Acquisition Agreement");

(12) Beijing Jinhaiyan and the Parent entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Beijing Ganlujiayuan from the Parent by Beijing Jinhaiyan for a total consideration of RMB2,487,900 (the "Beijing Ganlujiayuan Acquisition Agreement");

(13) BBMG Property Management and Beijing Building Materials Group entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in Beijing Yuandongjiemei from Beijing Building Materials Group by BBMG Property Management for a total consideration of RMB556,900 (the "Beijing Yuandongjiemei Acquisition Agreement");

(14) the Company, the Parent and Beijing Furniture entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in BBMG Hong Kong from the Parent and Beijing Furniture by the Company for a total consideration of RMB5,984,900 (the "BBMG Hong Kong Acquisition Agreement");

(15) BBMG Property Management and the Parent entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in BBMG Human Resources Management from the Parent by BBMG Property Management for a total consideration of RMB494,500 (the "BBMG Human Resources Acquisition Agreement"); and

(16) the Company and the Parent entered into an acquisition agreement in respect of the acquisition of 100% of the equity interest in BBMG Hongye from the Parent by the Company for a total consideration of RMB852,992,400 (the "BBMG Hongye Acquisition Agreement").

B. The Asset Acquisitions

On 31 May 2010, the Company (as purchaser) and the Parent or its subsidiaries (as vendor) entered into the following asset acquisition agreements:

(1) the Company and Beijing Pinggu entered into an acquisition agreement in respect of the acquisition of the land use right of the Beijing Pinggu Site and the properties and facilities built thereon and all the interests and rights attached thereto from Beijing Pinggu by the Company for a total consideration of RMB162,433,400 (the "Beijing Pinggu Acquisition Agreement"); and

(2) the Company and the Parent entered into an acquisition agreement in respect of the acquisition of the land use right of the BBMG Landao Site and the BBMG Landao Building built thereon and all the interests and rights attached thereto from the Parent by the Company for a total consideration of RMB11 0,364,900 (the "BBMG Landao Building Acquisition Agreement").

On 9 June 2010, the Company, BBMG Property Management, BBMG Home, Beijing Jinhaiyan, Tiantan Furniture, Beijing Jianji, the Parent, Dacheng Property, BBMG Assets Operation, Beijing Furniture, Beijing Building Materials, Beijing Building Materials Group and Beijing Pinggu entered into a supplemental agreement to amend and supplement the terms of all the equity acquisition agreements and the asset acquisition agreements above in order to make all the acquisition agreements inter-conditional upon each other.

On 12 January 2011, the Company, BBMG Home and BBMG Property Management, entered into an amendment agreement with the Parent, Beijing Building Materials and Beijing Building Materials Group, pursuant to which the completion date under the Crane Beijing Acquisition Agreement, the Beijing Yuandongjiemei Acquisition Agreement and the BBMG Hongye Acquisition Agreement has been extended to on or before 30 May 2011 or such other later date as agreed by the parties.

The transactions in respect of the Tianjin Jinzhu Concrete Acquisition Agreement, the Beijing Cement Plant Acquisition Agreement, the Beijing Eco-island Acquisition Agreement, the Beijing Yaxin Acquisition Agreement, the Beijing Longshuncheng Acquisition Agreement, the Beijing Yanshan Cement Acquisition Agreement, the Beijing Architectural Decoration Acquisition Agreement, the Badaling Travel Acquisition Agreement, the Beijing Zhongweisenhai Acquisition Agreement, the BBMG Dacheng Acquisition Agreement, the Beijing Ganlujiayuan Acquisition Agreement, the BBMG Hong Kong Acquisition Agreement, the BBMG Human Resources Acquisition Agreement, the Beijing Pinggu Acquisition Agreement and the BBMG Landao Building Acquisition Agreement were completed during the second half of 2010.

After completion, Tianjin Jinzhu Concrete, Beijing Cement Plant, Beijing Eco-island, Beijing Yaxin, Beijing Longshuncheng, Beijing Yanshan Cement, Beijing Architectural Decoration, Badaling Travel, Beijing Zhongweisenhai, BBMG Dacheng, Beijing Ganlujiayuan, BBMG Hong Kong and BBMG Human Resources became wholly-owned subsidiaries of the Company, and the Beijing Pinggu Site and the properties and facilities built thereon together with the BBMG Landao Site and the BBMG Landao Building became the assets of the Company.

The Parent is a substantial shareholder of the Company. Therefore, the Parent and its subsidiaries (including Dacheng Property, BBMG Assets Operation, Beijing Furniture, Beijing Building Materials, Beijing Building Materials Group and Beijing Pinggu) are connected persons of the Company for the purposes of the Listing Rules.

(5) The Merger Proposal and the A Share Issue

On 6 July 2010, the Company and Taihang Cement entered into a Merger Agreement in respect of the merger of Taihang Cement with the Company and the Company will issue A Shares to the shareholders of Taihang Cement to implement the Merger Proposal. The Parent, being a holder of 76,003,800 shares of Taihang Cement, will participate in the Merger Proposal and exchange its shares of Taihang Cement for 91,204,560 A Shares of the Company at an exchange ratio of 1.2 A Shares for one share of Taihang Cement. Also, the Parent may receive not more than 150,058,400 shares of Taihang Cement which may be exchanged into 180,070,080 A Shares of the Company under the cash alternative arrangement of the Merger Proposal.

The Merger Proposal and the A Share Issue were completed on 1 March 2011. After completion, Taihang Cement became a wholly-owned subsidiary of the Company.

The Parent is a substantial shareholder of the Company and therefore a connected person of the Company for the purposes of the Listing Rules.

B. Continuing Connected Transactions

(1) Leasing of properties from the Parent Group

On 8 July 2009, the Company and the Parent (the controlling shareholder of the Company) entered into a master lease agreement (the "Master Lease Agreement"), pursuant to which the Parent Group leased a number of properties to the Group for a term commencing on 29 July 2009 and expiring on 31 December 2011. As disclosed in the prospectus of the Company dated 17 July 2009, the annual cap in respect of the transactions under the Master Lease Agreement for the Reporting Period was RMB9,300,000 and the total actual transaction amounts for the Reporting Period was RMB9,065,838.

(2) Purchase of services from the Parent Group

On 8 July 2009, the Company and the Parent entered into a service purchase agreement (the "Service Purchase Agreement"), pursuant to which the Group agreed to purchase services such as consultancy (including the preparation of feasibility studies and reports), staff training, cleaning services and certain specialized property maintenance services from the Parent Group (including its associates) for a term commencing on 29 July 2009 and expiring on 31 December 2011. As disclosed in the announcement of the Company dated 17 January 2010 and the circular of the Company dated 11 February 2010 the annual cap in respect of the transactions under the Service Purchase Agreement for the Reporting Period was RMB350,000,000 and the total actual transaction amounts for the Reporting Period was RMB111,148,289.

(3) Sale of goods to the Parent Group

On 8 July 2009, the Company and the Parent entered into a sales agreement (the "Goods Sales Agreement"), pursuant to which the Group has agreed to sell goods such as cement, clinker, refractory materials, furniture, colour boards, toiletry and wooden products to the Parent Group (including its associates) for a term commencing on 29 July 2009 and expiring on 31 December 2011. As disclosed in the announcement of the Company dated 17 January 2010 and the circular of the Company dated 11 February 2010, the annual cap in respect of the transactions under the Goods Sales Agreement for the Reporting Period was RMB1,000,000,000 and the total actual transaction amounts for the Reporting Period was RMB421,149,958.

(4) *Lease of equipment from the Parent Group*

On 6 January 2010, the Company entered into a master equipment lease agreement with the Parent (the "Master Equipment Lease Agreement"), pursuant to which the Parent Group (including its associates) agreed to lease to the Group certain ancillary and supplemental production equipment and systems for a term commencing on 1 January 2010 and expiring on 31 December 2012. As disclosed in the announcement of the Company dated 6 January 2010, the annual cap in respect of the transactions under the Master Equipment Lease Agreement for the Reporting Period was RMB26,000,000 and the total actual transaction amounts for the Reporting Period was RMB16,000,000.

(5) *Purchase of goods from the Parent Group*

On 8 July 2009, the Company entered into a goods purchase agreement with the Parent (the "BBMG Group Goods Purchase Agreement"), pursuant to which the Parent Group (including its associates) agreed to supply to the Group goods including cement, fuel and limestone for a term commencing on 29 July 2009 and expiring on 31 December 2011. As disclosed in the announcement of the Company dated 17 January 2010 and the circular of the Company dated 11 February 2010, the annual cap in respect of the transactions under the BBMG Group Goods Purchase Agreement for the Reporting Period was RMB1,500,000,000 and the total actual transaction amounts for the Reporting Period was RMB1,182,833,848.

(6) *Provision of services to the Parent Group*

On 8 July 2009, the Company entered into a service provision agreement with the Parent (the "BBMG Group Service Provision Agreement"), pursuant to which the Group agreed to provide services such as property management and cement sales distribution to the Parent Group (including its associates) for a term commencing on 29 July 2009 and expiring on 31 December 2011. As disclosed in the announcement of the Company dated 17 January 2010, the annual cap in respect of the transactions under the BBMG Group Service Provision Agreement for the Reporting Period was RMB20,000,000 and the total actual transaction amounts for the Reporting Period was RMB19,463,605.

(7) *Renovation work for the Parent*

On 5 August 2008, Xisanqi High-Tech Building Materials (a wholly-owned subsidiary of the Company) and the Parent entered into a renovation agreement (the "Renovation Agreement"), pursuant to which the 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 the Parent (the "Renovation Project"). The Renovation Project commenced in 2005 and is expected to be completed before 31 December 2011. The annual cap in respect of the transactions under the Renovation Agreement for the year ended 31 December 2010 was RMB35,000,000. Renovation income of RMB23,448,165 was recorded for the year ended 31 December 2010.

The Parent is a substantial shareholder of the Company and therefore a connected person of the Company for the purposes of the Listing Rules.

Pursuant to the amendments of the Listing Rules with effect from 3 June 2010, promoters of the Company ceased to be a connected person of the Company since then. Therefore, the following continuing connected transactions are only subject to the reporting requirements under Rule 14A.46 of the Listing Rules for the period from 1 January 2010 to 2 June 2010:

(8) Mutual supply of goods and services with Tianjin Building Materials

On 17 January 2010, the Company entered into a framework agreement with 天津市建築材料集團(控股)有限公司 (Tianjin Building Materials (Holdings) Co., Ltd*) (the "Tianjin Building Materials") (the "Tianjin Building Materials Master Mutual Supply Agreement"), pursuant to which (a) Tianjin Building Materials (including its subsidiaries and associates) (collectively, the "Tianjin Building Materials Group") will supply to the Group goods including cement, concrete and limestone, (b) the Group will supply to the Tianjin Building Materials Group goods including refractory materials, cement and concrete super-plasticizer, and (c) the Group will supply to the Tianjin Building Materials Group services including consulting services, for a term commencing on 17 January 2010 and expiring on 31 December 2011. Tianjin Building Materials (being a promoter of the Company) ceased to be a connected person of the Company starting from 3 June 2010. As disclosed in the announcement of the Company dated 17 January 2010 and the circular of the Company dated 11 February 2010, the annual cap in respect of the transactions for (a) purchase of goods from the Tianjin Building Materials Group, (b) sales of goods to the Tianjin Building Materials Group, and (c) provision of service to the Tianjin Building Materials Group under the Tianjin Building Materials Master Mutual Supply Agreement for the Reporting Period were RMB600,000,000, RMB80,000,000 and RMB20,000,000, respectively. The total actual transaction amounts under the Tianjin Building Materials Master Mutual Supply Agreement for the period from 1 January 2010 to 2 June 2010 for (a) purchase of goods from the Tianjin Building Materials Group, (b) sales of good to the Tianjin Building Materials Group, and (c) provision of service to the Tianjin Building Materials Group were RMB180,232,223, RMB1,540,200 and RMB2,440,000, respectively.

(9) ***Mutual supply of goods and services with Sinoma***

On 11 May 2010, the Company entered into a framework agreement with Sinoma (the "2010 Mutual Supply Framework Agreement"), pursuant to which members of the Group and members of Sinoma and its subsidiaries (collectively, the "Sinoma Group") have agreed to mutually provide with each other EPC and sub-contracting services of certain cement production line project and supply to each other certain cement production related raw materials, equipment and parts for a term commencing on 1 January 2010 and expiring on 31 December 2012. Sinoma (being a promoter of the Company) ceased to be a connected person of the Company starting from 3 June 2010. As disclosed in the announcement of the Company dated 11 May 2010, the annual caps in respect of the transactions for supply of goods, equipments and provision of services to the Group by the Sinoma Group and supply of goods, equipments and provision of services to the Sinoma Group by the Group under the 2010 Mutual Supply Framework Agreement for the Reporting Period were RMB120,000,000 and RMB290,000,000, respectively. The total actual transaction amounts under the 2010 Mutual Supply Framework Agreement for the period from 1 January 2010 to 2 June 2010 for the supply of goods, equipments and provision of services to the Group by the Sinoma Group and the supply of goods, equipments and provision of services to the Sinoma Group by the Group were RMB112,621,653 and RMB69,795,569, respectively.

(10) ***Purchase of goods from Tongda Refractory***

On 8 July 2009, the Company entered into a goods purchase agreement with Tongda Refractory (the "Tongda Refractory Goods Purchase Agreement"), pursuant to which Tongda Refractory agreed to supply to the Group refractory materials for a term commencing on 29 July 2009 and expiring on 31 December 2011. Since Sinoma (being a promoter of the Company) ceased to be a connected person of the Company starting from 3 June 2010, therefore Tongda Refractory, which is owned as to approximately 10% by associates of Sinoma, also ceased to be a connected person of the Company since then. As disclosed in the announcement of the Company dated 17 January 2010 and the circular of the Company dated 11 February 2010, the annual cap in respect of the transactions under the Tongda Refractory Goods Purchase Agreement for the Reporting Period was RMB120,000,000 and the total actual transaction amounts under the Tongda Refractory Goods Purchase Agreement for the period from 1 January 2010 to 2 June 2010 was RMB36,713,875.

(11) ***Provision of services to Tongda Refractory***

On 8 July 2009, the Company entered into a service provision agreement with Tongda Refractory (the "Tongda Refractory Service Provision Agreement"), pursuant to which the Group agreed to provide water and electricity services to Tongda Refractory for a term commencing on 29 July 2009 and expiring on 31 December 2011. Since Sinoma (being a promoter of the Company) ceased to be a connected person of the Company starting from 3 June 2010, therefore Tongda Refractory, which is owned as to approximately 10% by associates of Sinoma, also ceased to be a connected person of the Company since then. As disclosed in the announcements of the Company dated 27 December 2009 and 17 January 2010, the annual cap in respect of the transactions under the Tongda Refractory Service Provision Agreement for the Reporting Period was RMB10,000,000 and the total actual transaction amounts under the Tongda Refractory Service Provision Agreement for the period from 1 January 2010 to 2 June 2010 was RMB1,625,108.

The independent non-executive Directors of the Company, Hu Zhaoguang, Xu Yongmo, Zhang Chengfu and Yip Wai Ming, have for the purpose of Rule 14A.37 of the Listing Rules, reviewed the above continuing connected transactions and confirmed that such continuing connected transactions, for the Reporting Period, have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the Reporting Period are set out in note 51 to the financial statements.

AUDITORS

Ernst & Young and Beijing Xinghua Certified Public Accountants will retire and a resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the international auditors of the Company and Beijing Xinghua Certified Public Accountants as the domestic auditors of the Company.

On behalf of the Board

Jiang Weiping
Chairman
Beijing, the PRC, 30 March 2011

REPORT OF THE SUPERVISORY BOARD

During the Reporting Period, the Supervisory Board had closely supervised the Company's financial conditions, lawful operation and the performance of duties by the Board and the management with an aim to protect the interests of both the Company and the Shareholders in accordance with relevant requirements under the PRC Company Law, the Articles and the Rules of Procedures of the Supervisory Board of the Company. All Supervisors exercised due diligence and care in discharging their duties and fulfilled substantially all of the objectives of the Supervisory Board for the year 2010.

I. Operation of the Supervisory Board during the Reporting Period

During the Reporting Period, the Supervisory Board held five meetings in total. Major matters considered at each meeting are summarized as follows:

1. The second meeting of the second session of the Supervisory Board was convened on-site in Beijing on 16 April 2010. Five out of the seven eligible Supervisors attended the meeting. Mr Hu Jingshan was unable to attend the meeting due to his personal accord and authorized Mr Wang Xiaoqun as his proxy to attend the meeting and exercise the voting right on his behalf; Mr Chen Changying did not attend the meeting. The following resolutions were considered and passed at the meeting: the resolution of considering the annual report and annual results announcement of the Company for 2009; the resolution for considering the audited financial report of the Company for 2009; the resolution for considering preliminary profit distribution plan of the Company for 2009 and the resolution for considering the report of the Supervisory Board for 2009.

2. The third meeting of the second session of the Supervisory Board was convened by way of written resolution on 22 April 2010. The resolution for proposed change of Supervisor of the Company was considered and approved. The Supervisory Board accepted the resignation of Mr Chen Changying from his position as Supervisor and proposed to appoint Mr Ma Weixin as Supervisor. At the annual general meeting convened on 29 June 2010, Mr Ma Weixin was elected as Supervisor of the Company for a term of office until the expiry of the term of the second session of the Supervisory Board.

3. The fourth meeting of the second session of the Supervisory Board was convened on-site in Beijing on 6 July 2010. Six out of the seven eligible Supervisors attended the meeting. Mr Hu Jingshan was unable to attend the meeting and authorized Mr Wang Xiaoqun as his proxy to attend the meeting and exercised the voting right on his behalf. The resolution for proposed amendments to the Rules of Procedures of the Supervisory Board of the Company was considered and passed.

4. The fifth meeting of the second session of the Supervisory Board was convened on-site in Beijing on 27 August 2010. Six out of the seven eligible Supervisors attended the meeting. Ms Hong Ye was unable to attend the meeting due to business trip and authorized Mr Wang Xiaoqun as her proxy to attend the meeting and exercise the voting right on her behalf. The resolution for considering the interim report and interim results announcement of the Company for 2010 was considered and passed.

5. The sixth meeting of the second session of the Supervisory Board was convened by way of written resolution on 26 October 2010. The resolution for considering third quarterly financial statements of the Company for 2010 was considered and passed.

During the Reporting Period, members of the Supervisory Board attended four general meetings of the Shareholders convened by the Company, six on-site meetings convened by the Board and reviewed the resolutions proposed to such general meetings and the Board. The Supervisors exercised their supervision over the meetings' compliance, voting procedures, major decision-making processes of the Company and the performance of duties by the members of the Board and the senior management by attending relevant meetings.

II. Opinion of the Supervisory Board on Certain Issues of the Company for the Year 2010

During the Reporting Period, the Supervisors exercised their supervision over the standardized operation, compliance with laws and regulations, major decision-making and the performance of duties by the members of the Board and the senior management of the Company by ways of attending general meetings of the Shareholders, being present at relevant meetings such as Board meetings and conducting specific independent investigations.

1. Independent opinion on the lawful operation of the Company. Pursuant to the laws and regulations of the jurisdiction(s) where the shares of the Company are listed, the Supervisory Board had duly overseen and examined the convening procedure and resolutions of the Board meetings of the Company, implementation by the Board of the resolutions of general meetings of the Shareholders, the performance of duties by the senior management of the Company under relevant laws and the establishment and implementation of a mature internal management system of the Company.

   In examining the financial position of the Company and overseeing the performance of duties by the Directors and senior management of the Company, the Supervisory Board was unaware of any violation of laws, regulations, the Articles and relevant protocols, rules and procedures, nor any power being abused or infringement of the interests of the Shareholders and the legitimate rights of the employees.

2. Independent opinion on the inspection of the Company's financial position. During the Reporting Period, the Supervisory Board had duly supervised and inspected the financial system and financial position of the Company, and carefully considered the financial information of the Company as contained in the 2009 Annual Report, 2009 Profit Distribution Plan, 2010 Interim Report and 2010 Third Quarterly Financial Statements.

   The Supervisory Board considered the Company's financial information has given a true, fair and complete view of the Company's financial conditions and operating performance. The reporting accountant of the Company had audited the annual financial report and issued standard auditors' report without qualified opinions.

3. Independent opinion on assets acquisition and disposal by the Company. During the Reporting Period, no insider dealing or any behavior detrimental to the interests of the Shareholders that may cause any loss to the Company's assets was discovered in the transactions of asset acquisition or disposal of the Company.

4. Independent opinion on connected transactions of the Company. The Supervisory Board was unaware of any violation of the principles of fairness and justice in connected transactions such as the two asset injection transactions of the Company in 2010, nor any behavior in prejudice to the interests of the Company and the Shareholders.

5. Opinion on "2010 Internal Control Self-evaluation Report" of the Company. In accordance with the requirements under regulations such as "The Basic Standards for Enterprise Internal Control", "Implementation Guidelines for Enterprise Internal Control" and "Guidelines for Evaluation and Assessment on Effectiveness of Enterprise Internal Control" jointly issued by the Ministry of Finance, the China Securities Regulatory Commission (CSRC), the China Banking Regulatory Commission (CBRC), the China Insurance Regulatory Commission (CIRC) and the National Audit Office (NAO), the management of the Company prepared the "2010 Internal Control Self-evaluation Report "on the implementation of the internal control system of the Company. The Supervisory Board raised no dissenting opinion on the "2010 Internal Control Self-evaluation Report" of the Company upon the review.

In 2011, the Supervisory Board will continue to discharge its duties diligently in strict compliance with the relevant requirements under applicable laws and regulations, such as Company Law, the Articles of the Company and the Rules of Procedures of the Supervisory Board, thereby protecting the legitimate rights of the Company and its Shareholders as a whole.

Wang Xiaoqun
Chairman
Beijing, the PRC, 29 March 2011

INVESTOR RELATIONS REPORT

OVERVIEW

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

INVESTOR RELATIONS REVIEW

1. A Share Issue and Roadshow

The A Shares of the Company have been successfully listed on the Shanghai Stock Exchange on 1 March 2011. During the A Share Issue, webcast investor meetings and nationwide roadshows were held in major cities of the PRC where one-on-one, group meetings and luncheons were arranged with various fund managers and analysts to explain the strengths and growth strategies of the Group. The Group is endeavored to continue to actively participate in roadshows and presentations organized by sizable investment banks to provide up-to-date information about the Group and future prospects to the investors so as to increase the investors' understanding of the Group.

2. Investor Forums and Conferences

During the Reporting Period, the Group attended a number of investor forums, roadshows and presentations held by renowned investment and securities firms in the PRC, Hong Kong, Japan and United States, and actively organized one-on-one and group meetings with various fund managers and analysts. During the Reporting Period, the Group has met with more than 600 analysts, fund managers and financial commentators and maintained close communications with institutional investors, providing them with up-to-date information about the Group.

3. Ongoing Communications with Shareholders, Investors and Analysts

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

4. Results Announcement

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

5. Maintaining Interactive Communications with Media

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

6. Timely Dissemination of Latest Corporate Updates

Company website is considered to be one of the quickest means to communicate with investors. The Group regularly updated the contents of the company website (www.bbmg.com.cn), disseminated the latest corporate updates, developments and disclosed financial information of the Group so as to enable the public to obtain such information in a timely manner. In addition, the Group also swiftly responded to different enquiries made by the Shareholders, investors, analysts and media by means of email, facsimile and telephone; and published announcements, press releases and other latest updates on the development of the Group, so as to strengthen the effectiveness of information dissemination.

PROSPECTS

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

INVESTOR INFORMATION

1	Share Particulars	
	H Shares	
	Listing date	29 July 2009
	Board lot	500 Shares
	Number of issued H Shares	1,169,382,435 Shares (as at 31 December 2010 and 30 March 2011)
	Stock code	2009
	A Shares	
	Listing date	1 March 2011
	Board lot	100 Shares
	Number of issued A Shares	3,114,354,625 Shares (as at 30 March 2011)
	Stock code	601992
2	Financial Calendar	
	2010 interim results announcement	published on 27 August 2010
	2010 annual results announcement	published on 30 March 2011
	Closure of register of H Shares members for annual general meeting	from 25 April 2011 to 24 May 2011
	Annual general meeting	24 May 2011
	Financial year end	31 December
3	Proposed final dividend for the year ended 31 December 2010	RMB0.07 per Share

For any queries, please contact:

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CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2010.

1 Commitment to Corporate Governance

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

During the Reporting Period, the Company complied with the laws and regulations of the places where it operates its business as well as the regulations and guidelines stipulated by regulatory authorities such as the China Securities Regulatory Commission, the Hong Kong Securities and Futures Commission, the Shanghai Stock Exchange and the Stock Exchange. The Company has adopted and complied with all the code provisions of the CG Code set out in Appendix 14 to the Listing Rules during the year ended 31 December 2010 as its own code on corporate governance practices.

In addition to the existing internal protocols and guidelines to ensure accurate and timely information disclosure in accordance with the requirements under the Listing Rules, in contemplating the listing of the A Shares, the Board has further formulated addition rules and procedures to comply with the relevant requirements under the PRC laws and regulations. As at the date of this Annual Report, the Company has adopted Continuing Connected Transactions Practical Guidelines (關連交易實施細則), System on Managing Investor Relationship (投資者關係管理制度), System on Managing Insiders and External Information (內幕資訊知情人和外部資訊使用人管理制度), Management Protocol on Information Disclosures (信息披露管理辦法), System on Managing Use of Proceeds (募集資金使用與管理制度), Securities Dealing Code for Management (管理層證券交易守則), Management Protocol on Related Party Transactions (關聯交易管理辦法), System on Managing External Guarantee (對外擔保管理制度), Working Guidelines for Executives (總裁工作細則), System on Internal Reporting on Material Information (重大資訊內部報告制度), System on Managing Fund Flow To And From Related Parties (與關聯方資金往來管理制度), Rules and Procedures of Remuneration and Nomination Committee Meetings (薪酬與提名委員會議事規則), Rules and Procedures of Board Meetings (董事會議事規則), Working System of Independent Directors (獨立董事工作制度), Rules and Procedures of General Meetings (股東大會議事規則), Rules and Procedures of Strategic Committee (戰略委員會議事規則), Rules and Procedures of Audit Committee (審計委員會議事規則), Rules and Procedures of Supervisory Committee (監事會議事規則) and Guidelines on Identifying Connected Parties (管連人士確認細則).

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

2 The Board

Duties and Functions of the Board

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

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

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

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

Composition

As at the end of the Reporting Period, the Board comprises six executive Directors, one non-executive Director and four independent non-executive Directors:

Executive Directors:

Jiang Weiping	Chairman of the Board, the Remuneration and Nomination Committee and the Strategic Committee
Li Changli	Vice chairman of the Board and the Strategic Committee
Jiang Deyi	President and Vice chairman of the Strategic Committee
Shi Xijun	Vice chairman of the Remuneration and Nomination Committee
Wang Hongjun	Chief financial officer and member of the Strategic Committee
Deng Guangjun	member of the Strategic Committee

Non-executive Director:

Zhou Yuxian	member of the Audit Committee

Independent non-executive Directors:

Hu Zhaoguang	members of the Audit Committee, the Remuneration and Nomination Committee and the Strategic Committee
Xu Yongmo	members of the Audit Committee, the Remuneration and Nomination Committee and the Strategic Committee
Zhang Chengfu	Chairman of the Audit Committee, members of the Remuneration and Nomination Committee and the Strategic Committee
Yip Wai Ming	member of the Audit Committee

The non-executive Director, Zhou Yuxian, has submitted his resignation letter to the Board of the Company on and with effective from 30 March 2011 in respect of the resignation of his directorship with the Company as well as his position in the Audit Committee of the Board.

Zhang Handong tendered his resignation before the end of his term of office as an executive Director of the Company on 28 August 2009, such resignation became effective after a new executive Director, Deng Guangjun, has been appointed by the Shareholders at the extraordinary general meeting convened on 30 March 2010.

The biographical details of each Director are disclosed on pages 11 to 15 of this Annual Report.

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

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

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

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

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

The Chairman and the Chief Executive Officer

To ensure a balance of power and authority, the roles of the chairman of the Board and the chief executive officer are segregated and are not exercised by the same individual.

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

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

Term of Office of Directors

Each of the executive Directors (save for Deng Guangjun) and non-executive Director has entered into a service contract with the Company for a term of three years commencing on 28 April 2009. Deng Guangjun has entered into a service contract with the Company as an executive Director for a term commencing on 30 March 2010 and ending on 27 April 2012. Each of the independent non-executive Directors has been appointed for a term of three years commencing on 28 April 2009.

Joint Company Secretaries

All Directors are entitled to the joint company secretaries' services. The joint company secretaries report and notify the Board the latest information on governance and oversight on a regular basis, assist the chairman in preparation of the agenda, and prepare and despatch meeting documents on a timely and comprehensive basis so as to ensure the efficiency and validity of the Board meetings. With the assistance of the Company's legal advisers, the joint company secretaries are in charge of arranging the publication of annual and interim reports and disclosure of information and data in accordance with the Listing Rules and the relevant rules and guidelines of the Company. The joint company secretaries make timely and regular enquiries with the Company's finance department in accordance with the Company's protocols and guidelines such as the Continuing Connected Transactions Practical Guidelines (關連交易實施細則), Management Protocol on Related Party Transactions (關聯交易管理辦法) and Guidelines on Identifying Connected Parties (關連人士確認細則) for information on connected transactions to secure the full compliance with the Listing Rules in respect of such transactions.

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

Board Meetings

The chairman is responsible for convening and holding the Board meetings. Assisted by the joint company secretaries, the chairman tries to ensure all Directors have proper access to accurate, timely and sufficient data on the proposals to be considered by the Board to enable them to reach their final decisions on the relevant Board meeting. While a fourteen days' notice of a regular Board meeting is given, the agenda of meeting and the meeting documents enclosed are circulated at least three days prior to the holding of a Board meeting or a meeting of any Board committee.

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

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

The Board held six regular Board meetings during the Reporting Period. Due notice and Board papers were given to all Directors prior to the meetings in accordance with the Listing Rules and the CG Code. During the Reporting Period, the Board also resolved nine written resolutions by way of circulation. The attendance details of each Director during the Reporting Period are set out in the table below:

	Number of attendance/ Number of meetings	
Name of Director	**Written Resolutions**	**Regular Meeting**
Executive Directors		
Jiang Weiping *(Chairman)*	9/9	6/6
Li Changli *(Vice Chairman)*	9/9	6/6
Jiang Deyi *(President)*	9/9	6/6
Shi Xijun	9/9	6/6
Wang Hongjun	9/9	6/6
Deng Guangjun (appointed on 30 March 2010)	4/4	5/5
Zhang Handong (resigned on 30 March 2010)	0/5	0/1
Non-executive Director		
Zhou Yuxian	9/9	3/6
Independent non-executive Directors		
Hu Zhaoguang	9/9	6/6
Xu Yongmo	9/9	5/6
Zhang Chengfu	9/9	4/6
Yip Wai Ming	9/9	4/6

Board Committees

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

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee assumes the responsibilities for reviewing of the Company's financial reports, reviewing of internal control and corporate governance work and provision of relevant advices to the Board. The Audit Committee comprises four independent non-executive Directors and one non-executive Director, namely Zhang Chengfu (Chairman), Hu Zhaoguang, Xu Yongmo, Yip Wai Ming and Zhou Yuxian.

The major functions and roles of the Audit Committee are:

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

During the Reporting Period, the Audit Committee convened three meetings. The senior management and external auditors were invited to attend these meetings. Particulars of the three meetings convened by the Audit Committee during the Reporting Period are set out as follows:

(1) The third meeting of the second session of the Audit Committee of the Board was convened on 16 April 2010. During the meeting, the Audit Committee, among other duties:

a. Received the report from Ernst & Young on its audit work in respect of the Company's financial statements for the year 2009, and considered that Ernst & Young had discharged its duties in strict compliance with Hong Kong Standards on Auditing and the relevant regulations when providing audit services for the Company in 2009;

b. Reviewed the Company's results announcement and annual report for the year 2009 with no dissenting opinions; and

c. Proposed appointment of Ernst & Young as the Company's international auditor for the year 2010 to provide audit services based on international accounting standards for the year 2010 and Beijing Xinghua Certified Public Accountants Co., Ltd. as the Company's domestic auditor for the year 2010 to provide audit services based on domestic accounting standards for the year 2010. Their terms of appointment will expire at the next annual general meeting. Proposed remuneration for the audit services of Ernst & Young and Beijing Xinghua Certified Public Accountants Co., Ltd. were RMB5.3 million and RMB4.2 million, respectively.

(2) The fourth meeting of the second session of the Audit Committee of the Board was convened on 27 August 2010. During the meeting, the Audit Committee, among other duties:

a. Received the review from Ernst & Young on the Company's interim financial report for the year 2010; and

b. Reviewed the Company's interim report and interim results announcement for the six months ended 30 June 2010 with no dissenting opinions.

(3) The fifth meeting of the second session of BBMG's Audit Committee of the Board was convened on 24 December 2010. The Company's audit planning report prepared by Ernst & Young under oversea accounting standards for the year 2010 was considered and approved by way of written resolution.

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

Name of Director	**Number of attendance/ Number of meetings**
Independent non-executive Directors	
Zhang Chengfu *(Chairman)*	2/3
Hu Zhaoguang	3/3
Xu Yongmo	2/3
Yip Wai Ming	3/3
Non-executive Director	
Zhou Yuxian	1/3

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

- the external auditors' report in respect of the audited financial statements, annual report and results announcement for the year ended 31 December 2009;
- the 2010 interim report and interim results announcement;
- the internal control system of the Group with the discussion of the internal auditors;
- the internal control memorandum; and
- the connected transactions of the Group.

This Annual Report and annual results announcement of the Company for the Reporting Period have been reviewed by the Audit Committee.

Remuneration and Nomination Committee

The Company established the Remuneration and Nomination Committee with written terms of reference in compliance with the CG Code. The main responsibilities of the committee are to review and consider the remuneration policies and structure of the Directors and senior management and make relevant proposals to the Board, to review and approve the performance based remuneration by reference to the objectives of the Group (as adopted from time to time by the Board), to nominate candidates as Directors and senior management, to examine nominations for Directors and senior management and to make recommendations to the Board for appointments. The candidates of Directors are selected and recommended based on their working experience, professional expertise and commitment. The recommendations of the Nomination and Remuneration Committee are then put forward for consideration by the Board. 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.

During the Reporting Period, the Remuneration and Nomination Committee convened two meetings. Particulars of the two meetings convened by the Remuneration and Nomination Committee during the Reporting Period are set out as follows:

(1) The third meeting of the second session of the Remuneration and Nomination Committee of the Board was convened on 14 January 2010. The resolution of purchasing liability insurance for the Company's Directors, Supervisors and senior management was considered and approved, and reached a consensus on submitting the resolution to the Board for further review.

(2) The fourth meeting of the second session of the Remuneration and Nomination Committee of the Board was convened on 16 April 2010. Key resolutions considered and approved at the meeting were:

   a. The resolution of determining the remuneration of executive Directors of the second session of the Board of the Company by the Remuneration and Nomination Committee; and

   b. The proposals to the Board on 2009 Performance-based Remuneration Plan for the Company's senior management and 2010 Remuneration Plan.

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

Name of Director	Number of attendance/ Number of meetings
Executive Directors	
Jiang Weiping *(Chairman)*	2/2
Shi Xijun *(Vice Chairman)*	2/2
Independent non-executive Directors	
Hu Zhaoguang	2/2
Zhang Chengfu	1/2
Xu Yongmo	2/2

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

The biographical details of senior management are disclosed on pages 19 to 21 of this Annual Report.

Strategic Committee

The Company established the Strategic Committee whose primary duties are to formulate the overall development plans and investment decision-making procedures of the Group. The strategic committee currently consists of eight members, five of whom are executive Directors, namely Jiang Weiping, Li Changli, Jiang Deyi, Wang Hongjun and Deng Guangjun, with Jiang Weiping serving as its Chairman and Li Changli and Jiang Deyi as its Vice Chairmen together with three independent non-executive Directors, namely Hu Zhaoguang, Zhang Chengfu and Xu Yongmo.

Up to the date of this Annual Report, the Strategic Committee had convened one meeting with an attendance rate of 100% to review and consider information regarding the A Share Issue and the Merger Proposal.

3 Statement of Financial Responsibility of the Board

It is the responsibility of the Board for presenting a balanced, clear and understandable assessment in respect of annual and interim reports, price-sensitive information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for (i) the preparation of the Company's financial statements; (ii) the completeness and legitimacy of the financial data; and (iii) the efficiency of the Company's internal control system and risk management process for the year ended 31 December 2010.

Management team shall provide such explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information presented before the Board for approval. The Directors are responsible for keeping proper accounting records and preparing accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2010, the Directors have:

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

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

The Company has received a statement by the independent international auditors of the Company about their reporting responsibilities. The statement of the independent international auditors of the Company on its reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 97 to 98 of this Annual Report.

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

4 Directors' and Supervisors' Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules and established the Securities Dealing Code for Management (管理層證券交易守則) as the Company's code of conduct and rules to govern dealings by all Directors in the securities of the Company. The Model Code is also applicable to the Supervisors, special employees and/or senior management of the Group who may have certain price sensitive data that has not been disclosed. The Model Code is delivered twice a year, namely, 30 days prior to the Board meeting to approve the Company's interim results and 60 days prior to the Board meeting to approve the Company's annual results, together with an indicative notice to remind the Directors, the Supervisors and the specific employees who may have certain price sensitive information that they may not deal in the Shares until the publication of the results announcement.

The Company has also established the System on Internal Reporting on Material Information (重大資訊內部報告制度) for controlling and monitoring the relevant employees who are likely to be in possession of unpublished price-sensitive information in relation to the Group or its securities.

All Directors confirmed that as at 31 December 2010, none of the Directors, the Supervisors and the specific employees who may have certain price sensitive information that has not been disclosed complied with the Model Code has interests or short positions which are required to notify the Company and the Stock Exchange, or incur any conduct in violation of regulations. Having made specific enquiries to all Directors and all Supervisors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the Report Period.

5 Internal Control and Audit

Internal Control

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

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

The Board's Statement on Its Responsibility for Internal Control

The Board has conducted self-evaluation on the effectiveness of the design and implementation of the internal control of the Company as at 31 December 2010 pursuant to the requirements of fundamental standards, evaluation guidelines and other relevant laws and regulations.

1. During the Reporting Period, the Company had established and effectively implemented an internal control system covering all businesses and issues required for evaluation with no significant pitfalls. The Company managed to realize its goals of internal control. The Company's internal control system was proved to be effective.

2. From the benchmark date of the internal control evaluation report to the date of issuing the internal control evaluation report, there were no significant changes in internal control process which might impose any substantial impacts on the evaluation results.

Auditors' Remuneration

The Audit Committee reviewed the letter from Ernst & Young to confirm its independence and objectiveness, and held meetings with Ernst & Young to discuss the audit scope and fees by Ernst & Young. The Company engaged Ernst & Young as the international auditors and Beijing Xinghua Certified Public Accountants as the domestic auditors of the Company. The remuneration in respect of audit services provided by Ernst & Young and Beijing Xinghua Certified Public Accountants to the Company in 2010 is summarised as follows (no non-audit services was provided by Ernst & Young and Beijing Xinghua Certified Public Accountants in 2010):

	RMB'000
Annual results auditing service	
Ernst & Young	6,300
Beijing Xinghua Certified Public Accountants	5,000
Total	11,300

6 Communications with Shareholders

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

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

On behalf of the Board

Jiang Weiping
Chairman
Beijing, the PRC, 30 March 2011

Independent Auditors' Report

ERNST & YOUNG
安 永

To the shareholders of BBMG Corporation

(Established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of BBMG Corporation (the "Company") and its subsidiaries (together, the "Group") set out on pages 99 to 217, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Independent Auditors' Report *(continued)*

To the shareholders of BBMG Corporation
(Established in the People's Republic of China with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

30 March 2011

Consolidated Income Statement

Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000 (Restated)
REVENUE	5	**21,997,718**	13,270,696
Cost of sales		**(16,905,378)**	(9,876,974)
Gross profit		**5,092,340**	3,393,722
Other income and gains	5	**1,367,318**	741,259
Fair value gains on investment properties, net		**735,174**	696,572
Selling and distribution costs		**(855,715)**	(566,352)
Administrative expenses		**(1,562,170)**	(1,234,216)
Other expenses		**(202,011)**	(88,007)
Finance costs	7	**(360,831)**	(234,448)
Share of profits and losses of:			
Jointly-controlled entities		**(14,435)**	49,314
Associates		**(7,597)**	16,156
PROFIT BEFORE TAX	6	**4,192,073**	2,774,000
Income tax expense	10	**(1,240,696)**	(778,337)
PROFIT FOR THE YEAR		**2,951,377**	1,995,663
Attributable to:			
Owners of the Company	11	**2,716,292**	1,905,930
Non-controlling interests		**235,085**	89,733
		2,951,377	1,995,663
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	13	**RMB0.70**	RMB0.59

Details of the dividends proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

	2010 RMB'000	2009 RMB'000 (Restated)
PROFIT FOR THE YEAR	**2,951,377**	1,995,663
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**(92)**	3,113
Reclassification for gain on disposal	**(6,677)**	–
Income tax effect	**1,692**	(778)
	(5,077)	2,335
Gain on property revaluation	**95,765**	–
Income tax effect	**(23,941)**	–
	71,824	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**66,747**	2,335
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,018,124**	1,997,998
Attributable to:		
Owners of the Company	**2,783,057**	1,908,265
Non-controlling interests	**235,067**	89,733
	3,018,124	1,997,998

Consolidated Statement of Financial Position

31 December 2010

	Notes	31 December 2010 RMB'000	31 December 2009 RMB'000 (Restated)	1 January 2009 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	14	**13,840,581**	9,024,237	5,145,838
Investment properties	15	**9,762,200**	8,958,585	8,141,407
Land use rights	16	**2,570,479**	1,959,394	1,537,655
Goodwill	17	**313,559**	257,283	99,171
Other intangible assets	18	**36,316**	27,452	22,345
Mining rights	19	**181,990**	176,039	89,828
Investments in jointly-controlled entities	21	**221,559**	241,325	260,276
Investments in associates	22	**312,645**	325,827	817,209
Available-for-sale investments	23	**21,351**	33,877	19,123
Deferred tax assets	33	**523,337**	340,466	134,143
Total non-current assets		**27,784,017**	21,344,485	16,266,995
CURRENT ASSETS				
Inventories	24	**20,990,556**	10,710,861	8,747,057
Trade and bills receivables	25	**3,252,984**	2,122,511	1,166,906
Prepayments, deposits and other receivables	26	**3,723,597**	2,794,338	2,008,633
Tax recoverable	31	**13,412**	20,412	20,953
Restricted cash	27	**256,531**	161,856	144,266
Cash and cash equivalents	27	**5,025,398**	6,266,643	2,109,592
Non-current assets held for sale	39	**–**	155,962	–
Total current assets		**33,262,478**	22,232,583	14,197,407
CURRENT LIABILITIES				
Trade and bills payables	28	**4,418,759**	2,763,291	2,277,095
Other payables and accruals	29	**12,715,642**	8,811,014	8,123,659
Dividend payable		**8,213**	–	19,057
Interest-bearing bank loans	30	**9,328,818**	3,372,400	5,768,500
Taxes payable	31	**1,251,094**	729,705	388,831
Provision for supplementary pension subsidies and early retirement benefits	34	**42,649**	42,156	45,761
Total current liabilities		**27,765,175**	15,718,566	16,622,903
NET CURRENT ASSETS/(LIABILITIES)		**5,497,303**	6,514,017	(2,425,496)
TOTAL ASSETS LESS CURRENT LIABILITIES		**33,281,320**	27,858,502	13,841,499

Consolidated Statement of Financial Position *(continued)*

31 December 2010

	Notes	**31 December 2010 RMB'000**	31 December 2009 RMB'000 (Restated)	1 January 2009 RMB'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		**33,281,320**	27,858,502	13,841,499
NON-CURRENT LIABILITIES				
Interest-bearing bank loans	30	**7,570,445**	4,778,361	2,328,949
Corporate bonds and notes	32	**4,684,792**	1,879,184	–
Deferred tax liabilities	33	**1,602,594**	1,306,282	1,017,705
Provision for supplementary pension subsidies and early retirement benefits	34	**540,533**	562,841	558,328
Deferred income	35	**686,380**	672,999	633,968
Other non-current liabilities	36	**140,292**	140,292	240,831
Total non-current liabilities		**15,225,036**	9,339,959	4,779,781
Net assets		**18,056,284**	18,518,543	9,061,718
EQUITY				
Equity attributable to owners of the Company				
Issued capital	37	**3,873,333**	3,873,333	2,800,000
Reserves	38	**12,001,043**	12,504,228	5,300,519
Proposed final dividend		**299,862**	271,133	112,000
		16,174,238	16,648,694	8,212,519
Non-controlling interests		**1,882,046**	1,869,849	849,199
Total equity		**18,056,284**	18,518,543	9,061,718

Jiang Weiping
Director

Wang Hongjun
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

(Restated)	Attributable to owners of the Company											
	Share capital RMB'000 (note 37)	Share premium account RMB'000 (note 37)	Statutory reserve RMB'000 (note 38)	Merger reserve RMB'000	Capital reserve RMB'000	Asset revaluation reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2009												
As previously reported	2,800,000	2,430,342	1,115	–	(912,038)	–	–	2,902,807	112,000	7,334,226	840,003	8,174,229
Business combination under common control	–	–	–	737,392	117,177	–	–	23,724	–	878,293	9,196	887,489
As restated	2,800,000	2,430,342	1,115	737,392	(794,861)	–	–	2,926,531	112,000	8,212,519	849,199	9,061,718
Profit for the year	–	–	–	–	–	–	–	1,905,930	–	1,905,930	89,733	1,995,663
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	2,335	–	–	2,335	–	2,335
Total comprehensive income for the year	–	–	–	–	–	–	2,335	1,905,930	–	1,908,265	89,733	1,997,998
Issue of shares (note 37)	1,073,333	4,643,945	–	–	–	–	–	–	–	5,717,278	–	5,717,278
Business combination under common control												
– Acquisition of subsidiaries by the Parent Group (note 41)	–	–	–	395,000	–	–	–	–	–	395,000	261,962	656,962
– Contribution from the Parent and non-controlling shareholders	–	–	–	320,600	219,183	–	–	–	–	539,783	76,690	616,473
– Acquisitions of non-controlling interests	–	–	–	–	3,082	–	–	–	–	3,082	(10,907)	(7,825)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	10,050	10,050
Acquisitions of non-controlling interests	–	–	–	–	(16,481)	–	–	–	–	(16,481)	(141,233)	(157,714)
Acquisitions of subsidiaries (note 41)	–	–	–	–	–	1,248	–	–	–	1,248	736,628	737,876
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(2,273)	(2,273)
Final 2008 dividend declared	–	–	–	–	–	–	–	–	(112,000)	(112,000)	–	(112,000)
Proposed 2009 final dividend (note 12)	–	–	–	–	–	–	–	(271,133)	271,133	–	–	–
At 31 December 2009	3,873,333	7,074,287*	1,115*	1,452,992*	(589,077)*	1,248*	2,335*	4,561,328*	271,133	16,648,694	1,869,849	18,518,543

Consolidated Statement of Changes in Equity *(continued)*

Year ended 31 December 2010

	Attributable to owners of the Company											
	Share capital RMB'000 (note 37)	Share premium account RMB'000 (note 37)	Statutory reserve RMB'000 (note 38)	Merger reserve RMB'000	Capital reserve RMB'000	Asset revaluation reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2010												
As previously reported	3,873,333	7,074,287	1,115	–	(928,519)	1,248	1,814	4,667,062	271,133	14,961,473	1,522,893	16,484,366
Business combination under common control (note 40)	–	–	–	1,452,992	339,442	–	521	(105,734)	–	1,687,221	346,956	2,034,177
As restated	3,873,333	7,074,287	1,115	1,452,992	(589,077)	1,248	2,335	4,561,328	271,133	16,648,694	1,869,849	18,518,543
Profit for the year	–	–	–	–	–	–	–	2,716,292	–	2,716,292	235,085	2,951,377
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	(5,077)	–	–	(5,077)	–	(5,077)
Revaluation on property, net of tax	–	–	–	–	–	71,824	–	–	–	71,824	–	71,824
Total comprehensive income for the year	–	–	–	–	–	71,824	(5,077)	2,716,292	–	2,783,039	235,085	3,018,124
Distribution to the Parent	–	–	–	–	(34,246)	–	–	–	–	(34,246)	–	(34,246)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	161,560	161,560
Acquisitions of non-controlling interests	–	–	–	–	(1,114)	–	–	–	–	(1,114)	(370,360)	(371,474)
Acquisitions of subsidiaries (note 41)	–	–	–	–	–	–	–	–	–	–	34,173	34,173
Business combination under common control (note 40)	–	–	–	(1,452,992)	(1,498,010)	–	–	–	–	(2,951,002)	–	(2,951,002)
Profit appropriation to reserves	–	–	191,432	–	–	–	–	(191,432)	–	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(48,261)	(48,261)
Final 2009 dividend declared	–	–	–	–	–	–	–	–	(271,133)	(271,133)	–	(271,133)
Proposed 2010 final dividend (note 12)	–	–	–	–	–	–	–	(299,862)	299,862	–	–	–
At 31 December 2010	3,873,333	7,074,287*	192,547*	–*	(2,122,447)*	73,072*	(2,742)*	6,786,326*	299,862	16,174,238	1,882,046	18,056,284

* These reserve accounts comprise the consolidated reserves of RMB12,001,043 (2009: RMB12,504,228) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**4,192,073**	2,774,000
Adjustments for:			
Finance costs	7	**360,831**	234,448
Share of profits and losses of jointly-controlled entities		**14,435**	(49,314)
Share of profits and losses of associates		**7,597**	(16,156)
Interest income	5	**(25,933)**	(31,170)
Depreciation	6	**768,781**	491,113
Impairment of items of property, plant and equipment	6	**39,827**	–
Impairment of trade receivables, net	6	**21,909**	37,865
Impairment of investment in an associate	6	**–**	5,469
Amortisation of land use rights	6	**46,149**	36,530
Amortisation of mining rights	6	**6,762**	6,948
Amortisation of other intangible assets	6	**3,196**	1,994
Gain on disposal of items of property, plant and equipment, net	6	**(7,764)**	(12,780)
Gain on disposal of land use rights	5	**(177,037)**	(26,677)
Gain on disposal of investment properties	6	**(79,846)**	(29,569)
Gain on disposal of jointly-controlled entities	6	**(52,126)**	–
Release of deferred income	5	**(51,267)**	(37,398)
Changes in fair value of available-for-sale investments	5	**(5,957)**	–
Changes in fair value of investment properties		**(735,174)**	(696,572)
		4,326,456	2,688,731
Increase in inventories		**(9,928,457)**	(1,530,511)
Increase in trade and bills receivables		**(1,004,204)**	(470,818)
Increase/(decrease) in prepayments, deposits and other receivables		**375,450**	(906,873)
Increase in restricted cash		**(94,675)**	(17,590)
Increase in trade and bills payables		**1,514,023**	203,406
Increase in other payables and accruals		**2,116,318**	945,454
Increase/(decrease) in provision for supplementary pension subsidies and early retirement benefits		**(21,815)**	908
Cash generated from/(used in) operations		**(2,716,904)**	912,707
Interest received		**25,933**	31,170
Interest paid		**(304,948)**	(269,467)
Government grants received		**86,798**	89,815
Corporate income tax paid		**(601,312)**	(302,335)
Land appreciation tax paid		**(53,358)**	(18,689)
Net cash flows from/(used in) operating activities		**(3,563,791)**	443,201

continued/...

Consolidated Statement of Cash Flows *(continued)*

Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(5,246,179)**	(2,851,412)
Additions of investment properties		**(110,364)**	(280,909)
Additions of land use rights		**(196,056)**	(451,218)
Additions of other intangible assets		**(12,060)**	(6,261)
Additions of mining rights		**(1,894)**	(110,482)
Purchases of listed shares		**–**	(4,254)
Purchases of unlisted shares		**(10,000)**	(10,527)
Acquisitions of subsidiaries, net of cash acquired	41	**(497,832)**	97,555
Proceeds from disposal of items of property, plant and equipment		**298,774**	268,138
Proceeds from disposal of listed shares		**15,074**	–
Proceeds from disposal of unlisted shares		**2,227**	2,641
Proceeds from disposal of land use rights		**85,786**	30,600
Proceeds from disposal of investment properties		**290,526**	70,004
Proceeds from disposal of jointly-controlled entities		**88,290**	1,676
Proceeds from disposal of associates		**4,142**	5,447
Payment of outstanding cash consideration for acquisition of a subsidiary in prior years		**–**	(106,230)
Capital invested in jointly-controlled entities		**–**	(96,649)
Dividends received from associates		**–**	2,271
Dividends received from jointly-controlled entities		**615**	1,406
Repayment from a jointly-controlled entity		**56,951**	262,020
Interest paid		**(16,823)**	(38,691)
Net cash flows used in investing activities		**(5,248,823)**	(3,214,875)

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Consolidated Statement of Cash Flows *(continued)*

Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Gross proceeds from issue of new shares upon listing	37	–	6,034,011
Share issue expenses	37	–	(316,733)
Net proceeds from issue of bonds	32	**2,800,000**	1,874,091
Advance from a jointly-control entity		**510,029**	–
New bank loans		**16,518,892**	6,964,688
Repayment of bank loans		**(7,849,090)**	(7,780,351)
Interest paid		**(333,323)**	(174,635)
Contribution from the Parent		–	539,783
Deemed distributions to the Parent	40	**(3,803,994)**	–
Dividends paid to owners of the Company		**(262,920)**	(131,057)
Dividends paid to non-controlling shareholders		**(18,777)**	(2,273)
Capital contributions from non-controlling shareholders		**11,950**	86,740
Acquisition of non-controlling interests		**(1,398)**	(165,539)
Net cash flows from financing activities		**7,571,369**	6,928,725
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,241,245)**	4,157,051
Cash and cash equivalents at beginning of year		**6,266,643**	2,109,592
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,025,398**	6,266,643
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**5,006,773**	6,226,200
Non-pledged time deposits with original maturity of less than three months when acquired	27	**18,625**	40,443
		5,025,398	6,266,643

Statement of Financial Position

31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**996,959**	566,124
Investment properties	15	**6,332,400**	5,652,320
Land use rights	16	**502,632**	454,095
Investments in subsidiaries	20	**13,496,629**	6,428,081
Investments in jointly-controlled entities	21	**161,720**	161,720
Investments in associates	22	**321,618**	285,002
Available-for-sale investments	23	**7,080**	8,194
Total non-current assets		**21,819,038**	13,555,536
CURRENT ASSETS			
Prepayments, deposits and other receivables	26	**12,652,480**	4,421,616
Restricted cash	27	**5,000**	–
Cash and cash equivalents	27	**2,091,138**	3,409,781
Total current assets		**14,748,618**	7,831,397
CURRENT LIABILITIES			
Trade and bills payables	28	**50,000**	30,656
Dividend payable		**8,213**	–
Other payables and accruals	29	**3,871,805**	3,014,514
Interest-bearing bank loans	30	**6,940,000**	700,000
Taxes payable	31	**18,281**	49,255
Provision for supplementary pension subsidies and early retirement benefits	34	**39,224**	38,698
Total current liabilities		**10,927,523**	3,833,123
NET CURRENT ASSETS		**3,821,095**	3,998,274
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,640,133**	17,553,810

continued/...

Statement of Financial Position *(continued)*

31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	30	**5,110,000**	1,650,000
Corporate bonds and notes	32	**4,684,792**	1,879,184
Deferred tax liabilities	33	**852,157**	679,608
Provision for supplementary pension subsidies and early retirement benefits	34	**515,148**	535,475
Total non-current liabilities		**11,162,097**	4,744,267
Net assets		**14,478,036**	12,809,543
EQUITY			
Issued capital	37	**3,873,333**	3,873,333
Reserves	38	**10,304,841**	8,665,077
Proposed final dividend	12	**299,862**	271,133
Total equity		**14,478,036**	12,809,543

Jiang Weiping
Director

Wang Hongjun
Director

Notes to Financial Statements

31 December 2010

1. CORPORATE INFORMATION

BBMG Corporation (the "Company") was established in the People's Republic of China (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, Dong Cheng District, Beijing, the PRC.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment, and the 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").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for investment properties and certain equity investments, which have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The acquisitions of subsidiaries not under common control have been accounted for using the acquisition method of accounting. This 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.

Notes to Financial Statements

31 December 2010

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

The acquisitions of subsidiaries under common control have been accounted for using the merger method of accounting. 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 business 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 statement includes 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.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Notes to Financial Statements

31 December 2010

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK (IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Adoption of these new and revised HKFRSs did not have any material effect on the financial position or performance of the Group.

Notes to Financial Statements

31 December 2010

2.3 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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates For First-time Adopters* [4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [4]
HKFRS 9	Financial Instruments [6]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [5]
HKAS 24 (Revised)	Related Party Disclosures [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the results and the financial position of the Group except for the adoption of the *Amendment to HKFRS 1 – First-time adoption of Hong Kong Financial Reporting Standards*.

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

The amendment allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first HKFRS financial statements are issued. When such remeasurement occurs after the date of transition to HKFRS, but during the period covered by its first HKFRS financial statements the adjustment is recognised directly in retained profits (or if appropriate, another category of equity). Entities that adopted HKFRSs in previous periods are permitted to apply the amendment retrospectively in the first annual period after the amendment is effective from 1 January 2011.

The directors of the Company anticipated that the adoption of the above amendment will eliminate major differences between the Group's consolidated financial statements under HKFRSs and the statutory financial statements which are prepared in accordance with the Chinese Accounting Standards for Business Enterprises ("CASs") issued by the Ministry of Finance of the PRC.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 or 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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint ventures *(continued)*

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 investments 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 statement 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 investments 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.

When an investment in a jointly-controlled entity is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Notes to Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 investments 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 investments 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.

Business combinations and goodwill

Business combination from 1 January 2010

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

Business combination from 1 January 2010 *(continued)*

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested 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.

Business combinations prior to 1 January 2010 but after 1 January 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 January 2010:

Business combinations not under common control were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

Business combinations prior to 1 January 2010 but after 1 January 2005 *(continued)*

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties, goodwill and non-current assets held for sale), 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 in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period 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.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

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 12%
Plant and machinery	5% to 33%
Furniture, fixtures and office equipment	10% 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 the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised 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 a building or plant and equipment 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 when completed and ready for use.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 end of the reporting period.

Property under construction or development for future use as an investment property is classified as investment property under construction. Such properties under construction are measured initially at cost, including translation cost, and stated at fair value, subsequent to initial recognition, at each reporting date when fair value can be determined reliably. 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 reliably determined or 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 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 of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. 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.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently 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 financial year end.

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 included 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 unit of production method.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. 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.

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.

The Group's financial assets include cash and cash equivalents, restricted cash, trade and other receivables, and available-for-sale investments.

Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other operating expenses.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement in other operating expenses and removed from the available-for-sale investment valuation reserve. 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.

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.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 when:

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, 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. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. 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 estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the income statement.

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.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

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 removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, corporate bonds and notes, interest-bearing loans and borrowings.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. 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 end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

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 building 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.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 end of the reporting period 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 relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or 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, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period 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 the initial recognition of goodwill or 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 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.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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 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 the end of each reporting period 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. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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 by the end of the reporting period.

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 income over the periods necessary to match the grant on a systematic basis to the costs that it 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.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, on the percentage of completion basis;

(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 exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(g) dividend income, when the shareholders' right to receive payment has been established.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 Mainland China. 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 Mainland China who retired prior to 31 December 2007. Such supplementary pension subsidies are considered to be defined benefit plans as they oblige the Group to provide post-employment benefits of set amounts to 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 end of the reporting period, 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% at the defined benefit obligation are charged or credited to the income statement over the employees' expected average remaining working lives. As detailed in note 34 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 end of the reporting period are discounted to present value.

Notes to Financial Statements

31 December 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. When funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 4.58% and 5.56% 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 recorded by the entities in the Group are initially recorded using their respective 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 end of the reporting period. 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements 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 end of the reporting period. 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.

Notes to Financial Statements

31 December 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

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 the end of each reporting period.

Notes to Financial Statements

31 December 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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 tax in the PRC. The provision for land appreciation tax is based on management's best estimates according to their understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon the 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.

PRC corporate 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 for 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 expenses 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 end of the reporting period 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 end of the reporting the period are used.

Notes to Financial Statements

31 December 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. 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.

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 ageing analysis of the outstanding receivables and on 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.

Notes to Financial Statements

31 December 2010

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

White-down of inventories to net realisable value

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. Management estimates the net realisable value for these inventories based primarily on the latest invoice prices and current market conditions.

Supplementary and early 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.

4. OPERATING 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 and/or for capital appreciation, and provides management and security services to residential and commercial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income as well as head office and corporate expenses are excluded from such measurement.

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 Mainland China, and no non-current assets of the Group are located outside Mainland China.

Notes to Financial Statements

31 December 2010

4. OPERATING SEGMENT INFORMATION *(continued)*

No revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue during the year.

Year ended 31 December 2010

	Cement RMB'000	Modern building materials RMB'000	Property development RMB'000	Property investment and management RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	9,925,990	4,002,966	6,964,045	1,104,717	21,997,718
Intersegment sales	20,786	268,448	–	51,944	341,178
Total revenue	9,946,776	4,271,414	6,964,045	1,156,661	22,338,896
Reconciliation:					
Elimination of intersegment sales					(341,178)
Revenue					21,997,718
Segment results	1,523,273	425,964	1,681,248	1,042,085	4,672,570
Reconciliation:					
Elimination of intersegment results					(21,065)
Interest income					24,762
Corporate and unallocated expenses, net					(123,363)
Finance costs					(360,831)
Profit before tax					4,192,073
Other segment information					
Share of profits and losses of jointly-controlled entities	–	(14,510)	(639)	714	(14,435)
Share of profits and losses of associates	565	(7,925)	–	(237)	(7,597)
Fair value gains on investment properties, net	–	69,100	25,400	640,674	735,174
Impairment losses recognised in the income statement, net	53,800	6,843	–	1,093	61,736
Depreciation and amortisation	623,540	101,439	13,009	86,900	824,888
Investments in jointly-controlled entities	–	136,064	81,640	3,855	221,559
Investments in associates	22,860	289,785	–	–	312,645
Capital expenditure*	4,913,714	285,121	11,520	551,687	5,762,042

* Capital expenditure consists of additions to property, plant and equipment, land use rights, mining rights, other intangible assets and investment properties.

Notes to Financial Statements

31 December 2010

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2009

	Cement RMB'000 (Restated)	Modern building materials RMB'000 (Restated)	Property development RMB'000 (Restated)	Property investment and management RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue:					
Sales to external customers	5,377,974	3,310,230	3,696,841	885,651	13,270,696
Intersegment sales	19,002	41,126	738	19,866	80,732
Total revenue	5,396,976	3,351,356	3,697,579	905,517	13,351,428
Reconciliation:					
Elimination of intersegment sales					(80,732)
Revenue					13,270,696
Segment results	911,523	220,359	969,185	922,059	3,023,126
Reconciliation:					
Elimination of intersegment results					34,576
Interest income					23,802
Corporate and unallocated expenses, net					(73,056)
Finance costs					(234,448)
Profit before tax					2,774,000
Other segment information					
Share of profits and losses of jointly-controlled entities	–	(6,877)	56,191	–	49,314
Share of profits and losses of associates	35,813	(19,657)	–	–	16,156
Fair value gains on investment properties, net	–	1,555	17,735	677,282	696,572
Impairment losses recognised/ (reversed) in the income statement, net	35,437	8,644	(808)	61	43,334
Depreciation and amortisation	336,287	91,165	12,185	96,948	536,585
Investments in jointly-controlled entities	–	159,047	82,278	–	241,325
Investments in associates	18,000	305,185	–	2,642	325,827
Assets classified as held for sale	–	–	155,962	–	155,962
Capital expenditure	2,383,061	481,027	11,167	553,315	3,428,570

* Capital expenditure consists of additions to property, plant and equipment, land use rights, mining rights, other intangible assets and investment properties.

Notes to Financial Statements

31 December 2010

5. REVENUE, OTHER 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 proceeds, net of business tax and surcharges, from the sale of properties; the net incurred value of services rendered; rental income, net of business tax and surcharges, received and receivable from investment properties and property management income received and receivable during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2010 RMB'000	2009 RMB'000 (Restated)
Revenue		
Sale of goods	12,805,116	7,956,811
Sale of properties	7,028,105	3,691,634
Gross rental income from investment properties	455,536	380,063
Property management fees	363,646	328,025
Rendering of services	832,535	510,293
Industrial waste processing	196,256	131,811
Hotel operations	216,784	189,735
Others	99,740	82,324
	21,997,718	13,270,696
Other income and gains		
Gross rental income from lease of plant and machinery	141,227	60,473
Gain on disposal of items of property, plant and equipment	35,717	35,076
Gain on disposal of land use rights	177,037	26,677
Gain on disposal of investment properties	79,846	29,569
Fair value gains, net		
– Available-for-sale investments		
(transfer from equity on disposal)	5,957	–
Bank interest income	24,762	23,802
Interest income received from jointly-controlled entities	1,171	7,368
Relocation compensation	24,841	46,310
Government grants*		
– Release of deferred income (note 35)	51,267	37,398
– Value-added tax refund	568,276	296,923
– Others	38,984	6,248
Service fee income	30,332	20,597
Waiver of other payables	44,252	55,141
Gain on disposal of jointly-controlled entities	52,126	–
Others	91,523	95,677
	1,367,318	741,259

* There are no unfulfilled conditions or contingencies relating to these grants.

Notes to Financial Statements

31 December 2010

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2010 RMB'000	2009 RMB'000 (Restated)
Cost of inventories sold		**15,190,628**	8,684,206
Cost of services provided		**1,714,750**	1,192,768
Depreciation	14	**768,781**	491,113
Impairment of items of property, plant and equipment	14	**39,827**	–
Amortisation of land use rights	16	**46,149**	36,530
Amortisation of other intangible assets*	18	**3,196**	1,994
Amortisation of mining rights	19	**6,762**	6,948
Research and development costs		**50,436**	63,870
Impairment of trade receivables, net**	25	**21,909**	37,865
Impairment of investment in an associate**	22	**–**	5,469
Gain on disposal of items of property, plant and equipment, net		**(7,764)**	(12,780)
Gain on disposal of investment properties		**(79,846)**	(29,569)
Gain on disposal of land use rights		**(177,037)**	(26,677)
Gain on disposal of jointly-controlled entities		**(52,126)**	–
Release of deferred income	35	**(51,267)**	(37,398)
Fair value gains, net			
– Available-for-sale investments (transfer from equity on disposal)		**(5,957)**	–
Minimum lease payments under operating leases:			
Plant and machinery		**87,268**	51,569
Land and buildings		**80,967**	64,743
		168,235	116,312
Auditors' remuneration		**11,300**	9,500
Employee benefit expense (including directors' and supervisors' remuneration):			
Wages and salaries		**817,822**	560,987
Pension scheme contributions (defined contribution schemes)***		**178,319**	137,697
Supplementary pension subsidies and early retirement benefits	34	**15,094**	31,960
Welfare and other expenses		**87,297**	79,959
		1,098,532	810,603
Foreign exchange differences, net		**5,085**	4,402
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	15	**51,508**	48,909

* The amortisation of other intangible assets is included in "Administrative expenses" on the face of the consolidated income statement.

** The impairment of trade receivables and impairment of investment in an associate are included in "Other expenses" on the face of the consolidated income statement.

*** At 31 December 2010, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2009: Nil).

Notes to Financial Statements

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7. FINANCE COSTS

	Group	
	2010	2009
	RMB'000	RMB'000
		(Restated)
Interest on bank loans	**573,014**	482,794
Interest on corporate bonds and notes	**109,588**	59,812
Less: Interest capitalised	**(321,771)**	(308,158)
	360,831	234,448

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
Fees	**596**	608
Other emoluments:		
Salaries, allowances and benefits in kind	**1,543**	1,707
Performance related bonuses	**2,794**	2,586
Pension scheme contributions	**146**	138
	4,483	4,431
	5,079	5,039

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8. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

The remuneration of each of the directors and supervisors for the year ended 31 December 2010 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Jiang Weiping	–	242	400	18	660
Mr. Li Changli	–	242	350	18	610
Mr. Shi Xijun	–	202	330	18	550
Mr. Jiang Deyi	–	216	454	25	695
Mr. Wang Hongjun	–	132	488	24	644
Mr. Deng Guangjun	–	132	466	25	623
Non-executive director:					
Mr. Zhou Yuxian	80	–	–	–	80
Independent non-executive directors:					
Mr. Hu Zhaoguang	129	–	–	–	129
Mr. Zhang Chengfu	129	–	–	–	129
Mr. Xu Yongmo	129	–	–	–	129
Mr. Yip Wai Ming	129	–	–	–	129
Supervisors:					
Mr. Wang Xiaoqun	–	110	90	–	200
Mr. Chen Changying	–	–	–	–	–
Mr. Ma Weixin	–	25	–	–	25
Mr. Hu Jingshan	–	50	–	–	50
Mr. Zhang Jie	–	50	–	–	50
Ms. Hong Ye	–	–	–	–	–
Ms. Fan Xiaolan	–	49	15	–	64
Mr. Wang Youbin	–	93	201	18	312
	596	1,543	2,794	146	5,079

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8. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

The remuneration of each of the directors and supervisors for the year ended 31 December 2009 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Jiang Weiping	–	245	338	17	600
Mr. Li Changli	–	221	312	17	550
Mr. Jiang Deyi	–	174	426	17	617
Mr. Zhang Handong	–	21	132	3	156
Mr. Wang Hongjun	–	174	241	17	432
Mr. Duan Jianguo	–	53	70	5	128
Mr. Wang Jianguo	–	53	70	5	128
Mr. Shi Xijun	–	226	277	17	520
Mr. Zhao Jifeng	–	43	55	5	103
Non-executive director:					
Mr. Zhou Yuxian	80	–	–	–	80
Independent non-executive directors:					
Mr. Hu Zhaoguang	132	–	–	–	132
Mr. Zhang Chengfu	132	–	–	–	132
Mr. Yip Wai Ming	132	–	–	–	132
Mr. Xu Yongmo	132	–	–	–	132
Supervisors:					
Mr. Wang Xiaoqun	–	160	279	3	442
Mr. Chen Changying	–	50	–	–	50
Mr. Hu Jingshan	–	50	–	–	50
Mr. Zhang Jie	–	50	–	–	50
Ms. Hong Ye	–	–	–	–	–
Ms. Fan Xiaolan	–	92	167	15	274
Mr. Wang Youbin	–	95	219	17	331
	608	1,707	2,586	138	5,039

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

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9. FIVE HIGHEST PAID EMPLOYEES

An analysis of the five highest paid employees within the Group during the year is as follows:

	Number of employees	
	2010	2009
Directors and supervisors	**–**	–
Non-director and non-supervisor employees	**5**	5
	5	5

Details of the remuneration of the above non-director and non-supervisor, highest paid employees for the year are as follows:

	Group	
	2010	2009
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,641**	752
Performance related bonuses	**2,725**	3,371
Pension scheme contributions	**72**	85
	4,438	4,208

The number of non-director and non-supervisor, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2010	2009
Nil to HK$1,000,000	**1**	3
HK$1,000,001 to HK$1,500,000	**4**	2
	5	5

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10. INCOME TAX

	Group 2010 RMB'000	2009 RMB'000 (Restated)
Current:		
PRC corporate income tax ("CIT")	864,270	560,476
PRC land appreciation tax ("LAT")	328,822	86,522
	1,193,092	646,998
Deferred (note 33)	47,604	131,339
Total tax charge for the year	1,240,696	778,337

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2010 RMB'000	%	2009 RMB'000 (Restated)	%
Profit before tax	4,192,073		2,774,000	
Tax at the statutory tax rate	1,048,018	25.0	693,500	25.0
Income not subject to tax	(71,822)	(1.7)	(44,558)	(1.6)
Expenses not deductible for tax	47,482	1.1	84,539	3.0
Preferential tax rates or concessions	(31,647)	(0.7)	(29,530)	(1.1)
Profits and losses attributable to jointly-controlled entities and associates	5,508	0.1	(16,368)	(0.6)
Tax losses utilised from previous years	(12,121)	(0.3)	(206)	–
Tax losses not recognised	8,662	0.2	26,069	0.9
Land appreciation tax	328,822	7.8	86,522	3.1
Effect of land appreciation tax	(82,206)	(1.9)	(21,631)	(0.8)
Tax charge at the Group's effective rate	1,240,696	29.6	778,337	28.1

Notes to Financial Statements

31 December 2010

10. INCOME TAX *(continued)*

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 year (2009: Nil).

PRC corporate income tax

The Company and all of its subsidiaries that operate in Mainland China were subject to the statutory corporate income tax rate of 25% for the year ended 31 December 2010 (2009: 25%) under the income tax rules and regulations of the PRC, except that certain subsidiaries are subject to preferential rates or tax exemption as approved by the relevant tax bureaus.

The share of tax attributable to jointly-controlled entities amounting to RMB472,000 (2009: RMB24,738,000) is included in "Share of profits and losses of jointly-controlled entities" on the face of the consolidated income statement.

The share of tax attributable to associates amounting to RMB2,655,000 (2009: RMB11,020,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

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 from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures in accordance with the relevant PRC tax laws and regulations.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2010 includes a profit of RMB1,582,420,000 (2009: RMB444,866,000) which has been dealt with in the financial statements of the Company.

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12. DIVIDENDS

	2010	2009
	RMB'000	RMB'000
Proposed final – RMB0.07 (2009: RMB0.07) per ordinary share	**299,862**	271,133

The proposed final dividend for the year is calculated based on the total number of shares in issue, including both H shares and A shares, as of the date of this report and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of the Company in issue during the year.

	2010	2009
	RMB'000	RMB'000
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**2,716,292**	1,905,930

	Number of shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,873,332,500**	3,255,798,733

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2010 and 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

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14. 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 2010, net of accumulated depreciation and impairment (restated)	4,140,413	2,928,086	139,454	313,626	22,638	1,480,020	9,024,237
Additions	920,232	772,425	63,229	171,197	110,488	3,390,485	5,428,056
Transfers	1,479,518	1,547,032	36,745	301	11,160	(3,074,756)	–
Transfer from investment properties	20,400	–	–	–	–	–	20,400
Transfer to investment properties	(25,496)	(1,722)	–	–	–	–	(27,218)
Disposals	(114,531)	(127,352)	(3,704)	(21,647)	–	(23,776)	(291,010)
Depreciation	(251,551)	(422,352)	(23,931)	(64,617)	(6,330)	–	(768,781)
Impairment	(25,506)	(12,082)	(18)	(2,221)	–	–	(39,827)
Distribution to the Parent	(21,686)	(77)	–	(117)	–	–	(21,880)
Acquisition of subsidiaries (note 41)	295,397	140,564	1,033	51,836	–	27,774	516,604
At 31 December 2010, net of accumulated depreciation and impairment	6,417,190	4,824,522	212,808	448,358	137,956	1,799,747	13,840,581

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14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group

	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2009, net of accumulated depreciation and impairment (restated)	2,400,013	1,463,702	130,841	175,830	24,491	950,961	5,145,838
Additions (restated)	563,327	543,355	22,900	131,493	–	1,651,324	2,912,399
Transfers (restated)	905,772	803,680	1,459	17,291	–	(1,728,202)	–
Disposals (restated)	(141,389)	(96,180)	(2,432)	(15,160)	–	(197)	(255,358)
Depreciation (restated)	(129,729)	(289,321)	(30,885)	(39,325)	(1,853)	–	(491,113)
Acquisition of subsidiaries (restated) (note 41)	542,419	502,850	17,571	43,497	–	606,134	1,712,471
At 31 December 2009, net of accumulated depreciation and impairment (restated)	4,140,413	2,928,086	139,454	313,626	22,638	1,480,020	9,024,237
At 31 December 2010:							
Cost	7,844,620	7,530,268	291,011	699,116	163,332	1,799,747	18,328,094
Accumulated depreciation and impairment	(1,427,430)	(2,705,746)	(78,203)	(250,758)	(25,376)	–	(4,487,513)
Net carrying amount	6,417,190	4,824,522	212,808	448,358	137,956	1,799,747	13,840,581
At 31 December 2009:							
Cost (restated)	5,235,628	5,238,476	294,272	517,030	26,691	1,480,020	12,792,117
Accumulated depreciation and impairment (restated)	(1,095,215)	(2,310,390)	(154,818)	(203,404)	(4,053)	–	(3,767,880)
Net carrying amount (restated)	4,140,413	2,928,086	139,454	313,626	22,638	1,480,020	9,024,237

Notes to Financial Statements

31 December 2010

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company

	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2010, net of accumulated depreciation	219,390	18,656	4,328	7,680	316,070	566,124
Additions	–	10,294	36,460	6,259	424,203	477,216
Transfers	170,086	12,660	7,851	–	(190,597)	–
Transfer to investment properties	(25,496)	(1,722)	–	–	–	(27,218)
Disposals	–	(1,153)	(430)	(120)	–	(1,703)
Depreciation	(14,189)	(2,185)	(737)	(349)	–	(17,460)
At 31 December 2010, net of accumulated depreciation	349,791	36,550	47,472	13,470	549,676	996,959
At 1 January 2009, net of accumulated depreciation	174,489	29,096	6,386	11,299	1,268	222,538
Additions	52,810	711	742	1,577	314,802	370,642
Disposals	–	(4,347)	(1,800)	(3,150)	–	(9,297)
Depreciation	(7,909)	(6,804)	(1,000)	(2,046)	–	(17,759)
At 31 December 2009, net of accumulated depreciation	219,390	18,656	4,328	7,680	316,070	566,124
At 31 December 2010:						
Cost	397,822	62,683	50,209	18,489	549,676	1,078,879
Accumulated depreciation	(48,031)	(26,133)	(2,737)	(5,019)	–	(81,920)
Net carrying amount	349,791	36,550	47,472	13,470	549,676	996,959
At 31 December 2009:						
Cost	253,232	44,062	8,403	15,573	316,070	637,340
Accumulated depreciation	(33,842)	(25,406)	(4,075)	(7,893)	–	(71,216)
Net carrying amount	219,390	18,656	4,328	7,680	316,070	566,124

As at 31 December 2010, certain property, plant and equipment of the Group and the Company were pledged to secure the loans granted to the Group and the Company (note 43).

As at the date of approval of these financial statements, the Group is in the process of applying for or changing the registration of the title certificates for certain of the Group's buildings.

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15 INVESTMENT PROPERTIES

Group

	Completed RMB'000	Under construction RMB'000	Total RMB'000
At 1 January 2010 (restated)	8,958,585	–	8,958,585
Additions	110,366	–	110,366
Transfer from property, plant and equipment	122,983	–	122,983
Transfer from land use rights	21,319	–	21,319
Transfers to property, plant and equipment	(20,400)	–	(20,400)
Disposals	(165,827)	–	(165,827)
Net gain from a fair value adjustment	735,174	–	735,174
At 31 December 2010	9,762,200	–	9,762,200
At 1 January 2009 (restated)	7,727,770	413,637	8,141,407
Additions (restated)	2,857	136,768	139,625
Transfer from inventories (restated)	61,989	–	61,989
Transfers (restated)	550,405	(550,405)	–
Disposals (restated)	(81,008)	–	(81,008)
Net gain from a fair value adjustment (restated)	696,572	–	696,572
At 31 December 2009 (restated)	8,958,585	–	8,958,585

	2010 RMB'000	2009 RMB'000 (Restated)
Located in Mainland China and held under the following lease terms:		
Between 10 and 50 years	**9,762,200**	8,958,585

Notes to Financial Statements

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15. INVESTMENT PROPERTIES *(continued)*

Company

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2010	5,652,320	–	5,652,320
Additions	110,366	–	110,366
Transfer from property, plant and equipment	122,983	–	122,983
Transfer from land use rights	21,319	–	21,319
Disposals	(12,627)	–	(12,627)
Net gain from a fair value adjustment	438,039	–	438,039
At 31 December 2010	6,332,400	–	6,332,400
At 1 January 2009	4,629,950	–	4,629,950
Additions	–	550,405	550,405
Transfers	550,405	(550,405)	–
Disposals	(81,008)	–	(81,008)
Net gain from a fair value adjustment	552,973	–	552,973
At 31 December 2009	5,652,320	–	5,652,320

	2010	2009
	RMB'000	RMB'000
Located in Mainland China and held under the following lease terms:		
Between 10 and 50 years	**6,332,400**	5,652,320

The Group's completed investment properties were revalued on 31 December 2010 by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at approximately RMB9,762,200,000 (2009: RMB8,958,585,000) on an open market, existing use basis.

The Company's completed investment properties were revalued on 31 December 2010 by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at approximately RMB6,332,400,000 (2009: RMB5,652,320,000) on an open market, existing use basis.

Certain investment properties of the Group and the Company were pledged to banks to secure the loans granted to the Group and the Company (note 43).

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15. INVESTMENT PROPERTIES *(continued)*

Certain of the investment properties are leased to third parties under operating leases, further summary details of which are included in note 44(a). The gross rental income received and receivable by the Group and direct expenses in respect of these investment properties are summarised as follows:

	2010	2009
	RMB'000	RMB'000
		(Restated)
Gross rental income	**455,536**	380,063
Direct expenses	**(51,508)**	(48,909)
Net rental income	**404,028**	331,154

16. LAND USE RIGHTS

Group

	2010	2009
	RMB'000	RMB'000
		(Restated)
Carrying amount at beginning of year	**1,997,095**	1,562,519
Additions	**209,666**	279,399
Acquisition of subsidiaries (note 41)	**524,680**	236,103
Amortisation recognised as expenses	**(46,149)**	(36,530)
Transfer to investment properties	**(21,319)**	–
Disposals	**(37,805)**	(44,396)
Carrying amount at end of year	**2,626,168**	1,997,095
Current portion included in prepayments, deposits and other receivables (note 26)	**(55,689)**	(37,701)
Non-current portion	**2,570,479**	1,959,394
Located in Mainland China and held under the following lease terms:		
Over 50 years	**32,134**	5,028
Between 10 and 50 years	**2,594,034**	1,992,067
	2,626,168	1,997,095

Notes to Financial Statements

31 December 2010

16. LAND USE RIGHTS *(continued)*

Company

	2010 **RMB'000**	2009 RMB'000
Carrying amount at beginning of year	**465,169**	345,735
Transfer from subsidiaries	**85,940**	179,801
Amortisation recognised as expenses	**(13,435)**	(10,752)
Transfer to investment properties	**(21,320)**	–
Disposals	**–**	(49,615)
Carrying amount at end of year	**516,354**	465,169
Current portion included in prepayments, deposits and other receivables (note 26)	**(13,722)**	(11,074)
Non-current portion	**502,632**	454,095
Located in Mainland China and held under the following lease terms:		
Between 10 and 50 years	**516,354**	465,169

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 Company (note 43).

As at the date of approval of these financial statements, the Group was in the process of applying for or changing the registration of the title certificates for certain of the Group's land use rights.

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17. GOODWILL

Group

	2010 **RMB'000**	2009 RMB'000 (Restated)
Cost at beginning of year	**257,283**	99,171
Addition	**–**	94,614
Acquisition of subsidiaries (note 41)	**56,276**	63,498
At end of year	**313,559**	257,283

Impairment testing of goodwill

Goodwill acquired through business combinations in the amounts of approximately RMB189,816,000, RMB52,567,000, RMB56,276,000 and RMB10,931,000 have been allocated to Luquan BBMG Dingxin Cement Co., Ltd. ("Dingxin Cement") cash-generating unit, Hebei Taihang Cement Limited ("Taihang Cement") cash-generating unit, Handan Shexian BBMG Cement Co., Ltd. ("Shexian") cash-generating unit and Tianjin Zhenxing Cement Co., Ltd ("Zhenxing Cement") cash-generating unit, respectively, which are under the cement segment, for impairment testing.

The recoverable amounts of Dingxin Cement, Taihang Cement, Shexian and Zhenxing Cement cash-generating units have been determined based on a value in use calculation using a cash flow projection based on a financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projection is 13% (2009: 5.94%).

Key assumptions were used in the value in use calculation of Dingxin Cement, Taihang Cement, Shexian and Zhenxing Cement cash-generating units at 31 December 2010 and 31 December 2009. The following describes each key assumption on which management has based its cash flow projections 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 margins achieved in the year immediately before the budget year, increased for expected efficiency improvements.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to key assumptions reflect past experience of the management and external information sources.

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18. OTHER INTANGIBLE ASSETS

Group

	Computer software RMB'000	Trademarks RMB'000	Others RMB'000	Total RMB'000
31 December 2010				
Cost at 1 January 2010, net of accumulated amortisation	**10,616**	**16,670**	**166**	**27,452**
Additions	**11,988**	**–**	**72**	**12,060**
Amortisation provided during the year	**(3,029)**	**–**	**(167)**	**(3,196)**
At 31 December 2010	**19,575**	**16,670**	**71**	**36,316**
At 31 December 2010:				
Cost	**27,911**	**16,670**	**2,341**	**46,922**
Accumulated amortisation	**(8,336)**	**–**	**(2,270)**	**(10,606)**
Net carrying amount	**19,575**	**16,670**	**71**	**36,316**
31 December 2009 (restated)				
Cost at 1 January 2009, net of accumulated amortisation	5,327	16,670	348	22,345
Additions	6,261	–	–	6,261
Acquisition of subsidiaries	840	–	–	840
Amortisation provided during the year	(1,812)	–	(182)	(1,994)
At 31 December 2009	10,616	16,670	166	27,452
At 31 December 2009:				
Cost	14,693	16,670	2,269	33,632
Accumulated amortisation	(4,077)	–	(2,103)	(6,180)
Net carrying amount	10,616	16,670	166	27,452

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19. MINING RIGHTS

Group

	2010 RMB'000	2009 RMB'000 (Restated)
Cost at beginning of year, net of accumulated amortisation	**176,039**	89,828
Additions	**1,894**	90,886
Acquisition of subsidiaries (note 41)	**10,819**	2,273
Amortisation provided during the year	**(6,762)**	(6,948)
At end of year	**181,990**	176,039
Cost	**205,937**	193,224
Accumulated amortisation	**(23,947)**	(17,185)
Net carrying amount	**181,990**	176,039

20. INVESTMENTS IN SUBSIDIARIES

Company

	2010 RMB'000	2009 RMB'000
Unlisted shares, at cost	**13,411,574**	6,428,081
Listed shares, at cost	**85,055**	–
	13,496,629	6,428,081

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20. INVESTMENTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations and type of legal entity	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Beijing Liulihe Cement Co., Ltd. (北京市琉璃河水泥有限公司)	PRC Limited liability company	RMB600,000,000	100%	–	Manufacture and sale of cement
BBMG Mangrove Environmental Protection Technology Co., Ltd. (北京金隅紅樹林環保技術有限責任公司)	PRC Limited liability company	RMB150,000,000	100%	–	Hazard waste treatment
BBMG Dingxin Cement Co., Ltd. (鹿泉金隅鼎鑫水泥有限公司)	PRC Limited liability company	RMB1,300,000,000	100%	–	Manufacture and sale of cement
BBMG Fengshan Hot Spring Resort Co., Ltd. (北京金隅鳳山溫泉度假村有限公司)	PRC Limited liability company	RMB87,489,143	100%	–	Hotel operation
BBMG Property Management Co., Ltd. (北京金隅物業管理有限責任公司)	PRC Limited liability company	RMB10,000,000	100%	–	Property management
BBMG GEM Property Development Co., Ltd. (北京金隅嘉業房地產開發有限公司)	PRC Limited liability company	RMB2,000,000,000	100%	–	Property development
BBMG (Hangzhou) Property Development Co., Ltd. (金隅(杭州)房地產開發有限公司)	PRC Limited liability company	RMB600,000,000	–	100%	Property development
Beijing Gaoling Property Development Co., Ltd. ("Gaoling") (北京高嶺房地產開發有限公司)	PRC Limited liability company	RMB100,000,000	100%	–	Property rental and property management
Beijing Tiantan Co., Ltd. (北京天壇股份有限公司)	PRC Limited liability company	RMB87,094,469	93%	–	Manufacture and sale of furniture

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20. INVESTMENTS IN SUBSIDIARIES *(continued)*

Company name	Place of incorporation/ registration and operations and type of legal entity	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Star Building Materials Co., Ltd. (北京星牌建材有限責任公司)	PRC Limited liability company	RMB314,967,696	100%	–	Manufacture and sale of building materials
Beijing Jinyu Jiaqi concrete Co., Ltd. (北京金隅加氣混凝土有限責任公司)	PRC Limited liability company	RMB40,000,000	100%	–	Manufacture and sale of concrete
Beijing Tongda Refractory Technology Co., Ltd. (北京通達耐火技術股份有限公司)	PRC Limited liability company	RMB125,326,000	57%	–	Manufacture and sale of refractory material
Beijing Buildings Materials Academy Co., Ltd. (北京建築材料科學研究總院有限公司)	PRC Limited liability company	RMB120,000,000	100%	–	Manufacture and sale of building materials
Beijing Xiliu Building Materials Co., Ltd. (北京市西六建材有限公司)	PRC Limited liability company	RMB111,603,941	100%	–	Manufacture and sale of bricks
Beijing Architectural Coating Co., Ltd. (北京市建築塗料廠有限責任公司)	PRC Limited liability company	RMB24,440,626	100%	–	Manufacture and sale of paints
Beijing Xiang Brand Walling Materials Co., Ltd. (北京市翔牌牆體材料有限公司)	PRC Limited liability company	RMB40,437,954	100%	–	Manufacture and sale of bricks
Beijing Woodworking Factory Co., Ltd. (北京市木材廠有限責任公司)	PRC Limited liability company	RMB54,556,261	100%	–	Manufacture and trading of building materials
Beijing Jinhaiyan Assets Management Co., Ltd. (北京金海燕資產經營有限責任公司)	PRC Limited liability company	RMB82,923,553	100%	–	Property rental and property management
Beijing Jianji Assets Management Co., Ltd. (北京建機資產經營有限公司)	PRC Limited liability company	RMB46,109,973	100%	–	Property rental and property management

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20. INVESTMENTS IN SUBSIDIARIES *(continued)*

Company name	Place of incorporation/ registration and operations and type of legal entity	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hebei Taihang Huaxin Building Materials Co., Ltd ("Taihang Huaxin") (河北太行華信建材有限公司)**	PRC Limited liability company	RMB588,019,103	33.33%	–	Manufacture and sale of limestone
Hebei Taihang Cement Co., Ltd ("Taihang Cement") (河北太行水泥股份有限公司)**	PRC Joint Stock Company	RMB380,000,000	10%	–	Manufacture and sale of cement
Tianjin Zhenxing Cement Co., Ltd. (天津振興水泥有限公司)	PRC Limited liability company	RMB558,110,189.59	60.64%	–	Manufacture and sale of cement
Tianjin BBMG Concrete Co., Ltd. (天津金隅混凝土有限公司)	PRC Limited liability company	RMB237,337,800.27	85%	–	Manufacture and sale of concrete
Beijing Architectural Decoration Design and Engineering Co., Ltd. (北京市建築裝飾設計院有限公司)	PRC Limited liability company	RMB30,000,000	100%	–	Design and Decoration
Beijing BBMG Dacheng Property Development Co., Ltd. (北京金隅大成開發有限公司)	PRC Limited liability company	RMB1,000,000,000	100%	–	Property development

The English names of the above companies represent management's best effort at translating their Chinese names, as no English names have been registered.

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20. INVESTMENTS IN SUBSIDIARIES *(continued)*

Note:

** The Company acquired a 33.33% equity interest in Taihang Huaxin from a third party in July 2008. The Company, through its holding of the 33.33% equity interest in Taihang Huaxin, which in turn held 30% of the issued shares of Taihang Cement, was indirectly interested in approximately 10% of the issued shares of Taihang Cement. By virtue of an entrustment arrangement dated 26 July 2008 entered into between the Company and the Parent, the Parent entrusted its holding of a 66.67% equity interest in Taihang Huaxin to the Company. As a result, the Company has the power to govern the financial and operating policies of Taihang Huaxin and Taihang Huaxin is accounted for as a subsidiary of the Company since July 2008. From December 2009 onwards, the Group controls the board of directors of Taihang Cement and Taihang Cement is accounted for as a subsidiary of the Group.

Pursuant to the "Approval of Change of State-owned Shareholders of Hebei Taihang Huaxin Building Materials Co., Ltd." (Guo Zi Chan Quan [2010] No. 471) issued by the state-owned Assets Supervision and Administration Commission of the State Council on 23 June 2010, the Parent, the Company and Taihang Huaxin completed an internal restructuring involving a distribution of the 30% of the issued shares of Taihang Cement directly held by Taihang Huaxin to the Parent and the Company on a pro rata basis based upon their respective shareholdings in Taihang Huaxin. After completion of the relevant registration of change of equity interest in Taihang Cement on 29 July 2010, the Parent and the Company directly hold approximately 20% and 10% of the issued shares of Taihang Cement, respectively. The Parent then entrusted the 20% of the issued shares of Taihang Cement to the Company at nil consideration and on the terms and conditions which are substantially similar to the entrustment agreement related to Taihang Huaxin. The Group still controls the board of directors of Taihang Cement after the internal restructuring.

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 year 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, result in particulars of excessive length.

21. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

Group

	2010	2009
	RMB'000	RMB'000
		(Restated)
Share of net assets	**282,954**	302,720
Unrealised profit of sales to a jointly-controlled entity	**(61,395)**	(61,395)
	221,559	241,325

Company

	2010	2009
	RMB'000	RMB'000
Unlisted shares, at cost	**161,720**	161,720

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21. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES *(continued)*

Particulars of the principal jointly-controlled entities are as follows:

Company name	Place of registration	Registered share capital	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
BBMG Vanke Property Development Co., Ltd. * (北京金隅萬科房地產開發有限公司)	PRC	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	US$46,520,000	50%	50%	50%	Manufacture of building materials

* The English name of this company represents management's best effort at translating its Chinese name, as no English name has 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 year 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 of the Company, result in particulars of excessive length.

The Group's balances with the jointly-controlled entities are disclosed in note 46(b).

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	2010 RMB'000	2009 RMB'000 (Restated)
Share of the jointly-controlled entities' assets and liabilities:		
Non-current assets	**190,849**	135,375
Current assets	**1,249,287**	549,074
Current liabilities	**(989,335)**	(307,205)
Non-current liabilities	**(167,847)**	(74,524)
Net assets	**282,954**	302,720

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21. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES *(continued)*

	2010 RMB'000	2009 RMB'000 (Restated)
Share of the jointly-controlled entities' results*:		
Revenue	**106,488**	671,017
Other revenue	**934**	14,655
Total revenue	**107,422**	685,672
Total expenses	**(121,385)**	(638,716)
Tax	**(472)**	(24,738)
Profit/(loss) after tax	**(14,435)**	22,218

* Excluding the realisation of unrealised profit from sales to a jointly-controlled entity.

22. INVESTMENTS IN ASSOCIATES

Group

	2010 RMB'000	2009 RMB'000 (Restated)
Share of net assets	**312,465**	331,296
Provision for impairment	**–**	(5,469)
	312,645	325,827

Company

	2010 RMB'000	2009 RMB'000
Unlisted equity investments, at cost	**321,618**	327,208
Provision for impairment	**–**	(42,206)
	321,618	285,002

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22. INVESTMENTS IN ASSOCIATES *(continued)*

Particulars of the principal associates are as follows:

Company name	Place of registration	Registered share capital	Percentage of ownership interest attributable to the Group	Principal activities
Krono (Beijing) Woods Co., Ltd. (柯諾(北京)木業有限公司)	PRC	US$57,380,000	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	US$27,500,000	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	RMB276,003,336	20%	Manufacture of fibre-glass materials
Beijing Gaoqiang Concrete Co., Ltd.* (北京市高強混凝土有限責任公司)	PRC	RMB54,999,866	25%	Manufacture of concrete

* The English name of this company represents management's best effort at translating its Chinese name, as no English name has been registered.

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results for the year 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 of the Company, result in particulars of excessive length.

The Group's balances with the associates are disclosed in note 46(b).

The following table illustrates the summarised financial information of the Group's associates extracted from their management accounts:

	2010 RMB'000	2009 RMB'000 (Restated)
Assets	**1,928,411**	1,914,344
Liabilities	**784,975**	728,597
Revenue	**1,530,798**	3,278,123
Profit/(loss)	**(8,121)**	58,623

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23. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
PRC listed equity investments, at fair value	**133**	10,402	**–**	–
Unlisted equity investments, at cost	**21,218**	23,475	**7,080**	8,194
	21,351	33,877	**7,080**	8,194

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB6,769,000 (2009: gross gain of RMB3,113,000).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The unlisted equity investments are equity securities issued by private entities established in the PRC. As at 31 December 2010, unlisted equity investments with a carrying amount of RMB21,218,000 (2009: RMB23,475,000) were stated at cost less impairment because the range of reasonable fair value estimate is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

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24. INVENTORIES

Group

	Notes	2010 RMB'000	2009 RMB'000 (Restated)
Raw materials		**848,551**	491,139
Work in progress		**305,237**	195,180
Finished goods		**499,574**	339,778
Trading stock		**197,507**	185,256
		1,850,869	1,211,353
Properties under development	(a)	**16,927,959**	8,438,030
Completed properties held for sale	(b)	**2,211,728**	1,061,478
		19,139,687	9,499,508
		20,990,556	10,710,861

(a) Properties under development

	2010 RMB'000	2009 RMB'000 (Restated)
Properties under development expected to be recovered:		
Within one year	**13,777,264**	6,047,805
After more than one year	**3,150,695**	2,390,225
	16,927,959	8,438,030

The Group's properties under development were located in Mainland China and certain properties under development were pledged to banks for securing the loans granted to the Group (note 43).

(b) Completed properties held for sale

The Group's completed properties held for sale are located in Mainland China. All completed properties held for sale are stated at cost.

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25. TRADE AND BILLS RECEIVABLES

	Group	
	2010	2009
	RMB'000	RMB'000
		(Restated)
Trade receivables	**2,991,295**	2,052,814
Bills receivable	**627,001**	406,277
Less: Impairment	**(365,312)**	(336,580)
	3,252,984	2,122,511

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, considerations 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.

An aged analysis of the trade receivables of the Group as at the end of the reporting period based on invoices, net of provisions, is as follows:

	2010	2009
	RMB'000	RMB'000
		(Restated)
Within 6 months	**1,601,889**	880,463
7 to 12 months	**741,393**	695,473
1 to 2 years	**302,522**	154,657
2 to 3 years	**72,203**	78,009
Over 3 years	**273,288**	244,212
	2,991,295	2,052,814

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25. TRADE AND BILLS RECEIVABLES *(continued)*

The movements in provision for impairment of trade receivables of the Group are as follows:

	2010 RMB'000	2009 RMB'000 (Restated)
At beginning of year	**336,580**	292,455
Impairment losses recognised (note 6)	**35,551**	52,740
Acquisition of subsidiaries	**16,394**	63,106
Amount written off as uncollectible	**(9,571)**	(56,846)
Impairment losses reversed (note 6)	**(13,642)**	(14,875)
At end of year	**365,312**	336,580

Included in the above provision for impairment of trade receivables of the Group is a provision for individually impaired trade receivables of RMB39,225,000 as at 31 December 2010 (2009: RMB38,103,000) with a carrying amount before provision of RMB77,355,000 (2009: RMB118,436,000). 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 the trade receivables of the Group that are neither individually nor collectively considered to be impaired is as follows:

	2010 RMB'000	2009 RMB'000 (Restated)
Neither past due nor impaired	**690,917**	727,030
Past due but not impaired:		
Less than 3 months past due	**856,184**	402,857
3 to 6 months past due	**397,917**	344,932
Over 6 months past due	**372,313**	80,325
	2,317,331	1,555,144

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 or other credit enhancements over these balances.

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26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		
Prepayments	**1,069,416**	1,136,433	**–**	–
Deposits	**560,441**	769,635	**–**	–
Due from subsidiaries	**–**	–	**12,122,187**	4,230,338
Due from the Parent and its subsidiaries excluding the Group (the "Parent Group")	**382,720**	–	**382,720**	–
Due from jointly-controlled entities	**68,000**	129,348	**30,380**	–
Current portion of land use rights (note 16)	**55,689**	37,701	**13,722**	11,074
Other receivables	**1,587,331**	721,221	**103,471**	180,204
	3,723,597	2,794,338	**12,652,480**	4,421,616

Except for the amounts due from jointly-controlled entities of Nil (2009: RMB86,739,000), which bear interest at market rates, the above balances are unsecured, interest-free and have no fixed terms of repayment.

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

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27. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

		Group		Company	
		2010	2009	**2010**	2009
	Notes	**RMB'000**	RMB'000 (Restated)	**RMB'000**	RMB'000
Cash and bank balances		**5,263,304**	6,388,056	**2,096,138**	3,402,281
Time deposits		**18,625**	40,443	**–**	7,500
		5,281,929	6,428,499	**2,096,138**	3,409,781
Less: Restricted cash	(a)	**(256,531)**	(161,856)	**(5,000)**	–
		5,025,398	6,266,643	**2,091,138**	3,409,781
Denominated in RMB	(b)	**5,252,347**	4,723,082	**2,076,079**	1,716,126
Denominated in other currencies		**29,582**	1,705,417	**20,059**	1,693,655
		5,281,929	6,428,499	**2,096,138**	3,409,781

Notes:

(a) Restricted cash includes the following amounts:

(i) As at 31 December 2010, the Group's bank balances of RMB77,478,000 (2009: RMB69,245,000) were pledged as guarantees for certain mortgage loans to customers by banks.

(ii) As at 31 December 2010, the Group's bank balances held in dedicated bank accounts under the name of the Group of RMB179,053,000 (2009: RMB92,611,000), were pledged as guarantees 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 is 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.

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28. TRADE AND BILLS PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		
Trade payables	**4,093,676**	2,587,684	**–**	30,656
Bills payable	**325,083**	175,607	**50,000**	–
	4,418,759	2,763,291	**50,000**	30,656

The trade and bills 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 third parties.

An aged analysis of the trade payables of the Group and the Company at the end of the reporting period, based on the invoice date, is as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		
Within 3 months	**2,145,822**	1,358,721	**–**	30,656
4 to 6 months	**490,539**	363,399	**–**	–
7 to 12 months	**577,635**	316,068	**–**	–
1 to 2 years	**661,450**	394,865	**–**	–
2 to 3 years	**105,164**	67,241	**–**	–
Over 3 years	**113,066**	87,390	**–**	–
	4,093,676	2,587,684	**–**	30,656

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29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		
Advance deposits from customers	**7,744,830**	5,945,660	**10,639**	24,735
Accruals	**2,439,129**	1,559,872	**–**	–
Due to the Parent Group	**–**	134,822	**–**	134,822
Due to subsidiaries	**–**	–	**3,016,401**	2,617,328
Due to jointly-controlled entities	**555,637**	49,545	**–**	–
Current portion of deferred income (note 35)	**44,934**	22,784	**–**	–
Other provisions	**81,476**	77,439	**–**	–
Other payables	**1,849,636**	1,020,892	**844,765**	237,629
	12,715,642	8,811,014	**3,871,805**	3,014,514

Except for the amounts due to a jointly-controlled entity of RMB510,029,000 (2009: Nil), which bear interest at market rates, the above balances are non-interest-bearing and have no fixed terms of repayment.

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30. INTEREST-BEARING BANK LOANS

Group

	2010 Contractual interest rate (%)	2010 Maturity	2010 RMB'000	2009 Contractual interest rate (%)	2009 Maturity	2009 RMB'000 (Restated)
Current						
Bank loans – secured (note 43(a))	4.78-5.31	2011	19,000	5.40-7.92	2010	63,000
Bank loans – guaranteed	4.78-5.81	2011	778,892	4.37-6.37	2010	1,212,900
Bank loans – unsecured	4.37-5.31	2011	6,270,000	4.78-5.31	2010	277,000
Current portion of long term bank loans – secured (note 43(a))	4.86-6.05	2011	897,500	4.86-7.56	2010	885,500
Current portion of long term bank loans – guaranteed	3.59-7.56	2011	1,363,426	5.94-7.56	2010	934,000
			9,328,818			3,372,400
Non-current						
Bank loans – secured (note 43(a))	4.86-6.05	2012-2019	784,625	4.86-6.80	2011-2019	2,283,815
Bank loans – guaranteed	4.86-6.14	2012-2015	3,385,820	3.59-6.48	2011-2015	2,494,546
Bank loans – unsecured	4.86-5.00	2012-2013	3,400,000		–	–
			7,570,445			4,778,361
			16,899,263			8,150,761

As at 31 December 2010, included in the above guaranteed bank loans are loans of RMB1,564,692,000 (2009: 932,300,000) guaranteed by the Parent, and loans of RMB3,963,446,000 (2009: RMB3,659,146,000) guaranteed by the Company and its subsidiaries. In addition, a loan of RMB50,000,000 was guaranteed by a shareholder of the Company as at 31 December 2009.

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30. INTEREST-BEARING BANK LOANS *(continued)*

Company

	2010			2009		
	Contractual interest rate (%)	**Maturity**	**RMB'000**	Contractual interest rate (%)	Maturity	RMB'000
Current						
Bank loans – guaranteed	–	–	–	4.37-5.31	2010	150,000
Bank loans – unsecured	4.37-5.00	2011	6,200,000	4.78-5.31	2010	230,000
Current portion of long term bank loans – secured (note 43(b))	4.86-5.18	2011	740,000	4.86-5.18	2010	320,000
			6,940,000			700,000
Non-current						
Bank loans – secured (note 43(b))	4.86-5.6	2012-2015	560,000	4.86-5.18	2011-2013	1,180,000
Bank loans – guaranteed	5.00	2015	1,150,000	4.86	2011	470,000
Bank loans – unsecured	4.86-5.00	2012-2013	3,400,000			–
			5,110,000			1,650,000
			12,050,000			2,350,000

As at 31 December 2010, included in the above guaranteed bank loans are loans of RMB1,150,000,000 (2009: RMB620,000,000) guaranteed by a subsidiary.

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	9,328,818	3,372,400	6,940,000	700,000
In the second year	2,785,625	1,857,846	1,970,000	740,000
In the third to fifth years, inclusive	4,565,820	2,630,515	3,140,000	910,000
Beyond five years	219,000	290,000	–	–
	16,899,263	8,150,761	12,050,000	2,350,000

All bank loans are denominated in RMB.

Certain bank loans are secured by the Group's assets, details of which are disclosed in note 43.

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31. TAX RECOVERABLE/TAXES PAYABLE

(a) Tax recoverable

Group

	2010 **RMB'000**	2009 RMB'000 (Restated)
Prepaid LAT	**13,412**	20,412

(b) Taxes payable

	Group		**Company**	
	2010 **RMB'000**	2009 RMB'000 (Restated)	**2010** **RMB'000**	2009 RMB'000
CIT payable	**658,828**	405,902	**–**	–
LAT payable	**592,266**	323,803	**18,281**	49,255
	1,251,094	729,705	**18,281**	49,255

32. CORPORATE BONDS AND NOTES

The Company issued seven-year corporate bonds of RMB1.9 billion in aggregate (the "Seven-year Bonds") to corporate investors in Mainland China in April 2009. The Seven-year Bonds bear a fixed interest rate of 4.32% per annum and the interest is paid annually. The Seven-year Bonds are guaranteed by the Beijing State-owned Capital Operation Management Centre, an entity administered by the Beijing SASAC. The holders of the Seven-year Bonds are entitled to a redemption right exercisable at the expiry of the fifth anniversary of the issuance date.

The Company issued notes of RMB2.0 billion and RMB0.8 billion (the "Notes") to independent third parties in Mainland China in September 2010 and December 2010, respectively. The Notes are unsecured, with term of five years, and bear fixed interest rates of 4.38% and 5.85% per annum, respectively. The interests are paid annually.

The corporate bonds and notes are stated at amortised cost at the end of the reporting period.

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33. DEFERRED TAX

The followings are the major deferred tax assets/(liabilities) recognised and their movements during the year:

Group

	Depreciation allowance in excess of related depreciation RMB'000	Provision for impairment of assets RMB'000	Revaluation of properties RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Provision for LAT RMB'000	Others RMB'000	Total RMB'000
At 1 January 2010	**(191,625)**	**93,995**	**(976,409)**	**(76,149)**	**63,141**	**121,231**	**(965,816)**
Credited/(charged) to the consolidated income statement during the year (note 10)	**(41,768)**	**5,966**	**(165,606)**	**2,004**	**83,471**	**68,329**	**(47,604)**
Acquisition of subsidiaries (note 41)	**–**	**6,253**	**–**	**(49,841)**	**–**	**–**	**(43,588)**
Deferred tax debited to equity during the year	**–**	**–**	**(23,941)**	**–**	**–**	**1,692**	**(22,249)**
At 31 December 2010	**(233,393)**	**106,214**	**(1,165,956)**	**(123,986)**	**146,612**	**191,252**	**(1,079,257)**

	Depreciation allowance in excess of related depreciation RMB'000 (Restated)	Provision for impairment of assets RMB'000 (Restated)	Revaluation of properties RMB'000 (Restated)	Fair value adjustments arising from acquisition of subsidiaries RMB'000 (Restated)	Provision for LAT RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 January 2009	(149,158)	41,888	(802,266)	(101,790)	38,037	89,727	(883,562)
Credited/(charged) to the consolidated income statement during the year (note 10)	(42,467)	8,881	(174,143)	1,143	25,104	50,143	(131,339)
Acquisition of subsidiaries (note 41)	–	43,226	–	24,498	–	(17,861)	49,863
Deferred tax debited to equity during the year	–	–	–	–	–	(778)	(778)
At 31 December 2009	(191,625)	93,995	(976,409)	(76,149)	63,141	121,231	(965,816)

Notes to Financial Statements

31 December 2010

33. DEFERRED TAX *(continued)*

	2010 RMB'000	2009 RMB'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	**523,337**	340,466
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,602,594)**	(1,306,282)
	(1,079,257)	(965,816)

Company

	Depreciation allowance in excess of related depreciation RMB'000	Revaluation of properties RMB'000	Land appreciation tax impact RMB'000	Total RMB'000
At 1 January 2010	(84,392)	(607,529)	12,313	(679,608)
Charged to the income statement during the year	(31,355)	(109,510)	(7,743)	(148,608)
Charged to the capital reserve during the year	–	(23,941)	–	(23,941)
At 31 December 2010	(115,747)	(740,980)	4,570	(852,157)

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31 December 2010

33. DEFERRED TAX *(continued)*

	Depreciation allowance in excess of related depreciation RMB'000	Revaluation of properties RMB'000	Land appreciation tax impact RMB'000	Others RMB'000	Total RMB'000
At 1 January 2009	(56,890)	(469,214)	–	18,672	(507,432)
Charged to the income statement during the year	(27,502)	(138,315)	12,313	(18,672)	(172,176)
At 31 December 2009	(84,392)	(607,529)	12,313	–	(679,608)

34. PROVISION FOR SUPPLEMENTARY PENSION SUBSIDIES AND EARLY RETIREMENT BENEFITS

The Group pays supplementary pension subsidies to its employees in Mainland China 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 make 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.

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34. PROVISION FOR SUPPLEMENTARY PENSION SUBSIDIES AND EARLY RETIREMENT BENEFITS *(continued)*

The amounts of provision for supplementary pension subsidies and early retirement benefits recognised in the statement of financial position are as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		
Present value of unfunded defined benefit obligations	**583,980**	595,848	**550,864**	559,743
Unrecognised net actuarial gains/(losses)	**(798)**	9,149	**3,508**	14,430
Net liabilities arising from defined benefit obligations	**583,182**	604,997	**554,372**	574,173
Portion classified as current liabilities	**(42,649)**	(42,156)	**(39,224)**	(38,698)
Non-current portion	**540,533**	562,841	**515,148**	535,475

The movements in the present value of the defined benefit obligations during the year are as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		
At beginning of year	**595,848**	689,058	**559,743**	649,381
Interest cost	**23,005**	22,337	**21,764**	21,121
Actuarial losses/(gains) during the year	**12,322**	(84,479)	**10,921**	(84,789)
Benefits paid during the year	**(36,896)**	(31,068)	**(31,265)**	(25,970)
Past service cost	**(10,299)**	–	**(10,299)**	–
At end of year	**583,980**	595,848	**550,864**	559,743

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34. PROVISION FOR SUPPLEMENTARY PENSION SUBSIDIES AND EARLY RETIREMENT BENEFITS *(continued)*

The net expenses recognised in the income statement are analysed as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
Interest cost	**23,005**	22,337	**21,764**	21,121
Past service cost	**(10,299)**	–	**(10,299)**	–
Actuarial loss	**2,388**	9,623	**–**	5,421
Net expenses	**15,094**	31,960	**11,465**	26,542
Recognised in administrative expenses (note 6)	**15,094**	31,960	**11,465**	26,542

The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consultancy (Shanghai) Ltd., using the projected unit credit method. The material actuarial assumptions used in valuing these obligations are as follows:

	2010	2009
	RMB'000	RMB'000 (Restated)
Discount rate	**4.00%**	3.75% – 4.00%
Early retirees' salary increase rate	**10.00%**	8.00%
Supplemental benefits increase rate	**2.50%**	2.25%

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35. DEFERRED INCOME

Deferred income relates 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 year are as follows:

Group

	2010 RMB'000	2009 RMB'000 (Restated)
Carrying amount at beginning of year	**695,783**	643,366
Additions during the year	**86,798**	89,815
Released to the income statement during the year (note 5)	**(51,267)**	(37,398)
Carrying amount at end of year	**731,314**	695,783
Current portion included in other payables and accruals (note 29)	**(44,934)**	(22,784)
Non-current portion	**686,380**	672,999

36. OTHER NON-CURRENT LIABILITIES

As at 31 December 2010, included in the Group's "Other non-current liabilities" was a balance of approximately RMB140,292,000 (2009: RMB140,292,000) relating to government grants received by the Group for the relocation of its manufacturing plants. The government grants will be used for payment of 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 fulfilment of the attaching conditions of the government grants.

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37. ISSUED CAPITAL

	2010 RMB'000	2009 RMB'000
Registered, issued and fully paid:		
Unlisted domestic and foreign shares of RMB1.00 each	**2,703,950**	2,703,950
H shares of RMB1.00 each	**1,169,383**	1,169,383
	3,873,333	3,873,333

A summary of the transactions during the year is as follows:

	Number of shares in issue '000	Issued capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2009	2,800,000	2,800,000	2,430,342	5,230,342
Issue of H shares (notes (a), (b))	1,073,333	1,073,333	4,643,945	5,717,278
At 31 December 2009 and 1 January 2010	3,873,333	3,873,333	7,074,287	10,947,620
At 31 December 2010	3,873,333	3,873,333	7,074,287	10,947,620

Notes:

(a) In July 2009, the Company issued 933,333,000 H shares at HK$6.38 per H share of the Company, which raised total gross proceeds of approximately HK$5.95 billion. The H shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 July 2009. On 29 July 2009, the Parent, Tianjin Building Materials (Holdings) Co., Ltd. and China Cinda Asset Management Corporation converted 83,521,718 domestic shares of the Company into H shares and transferred the shares to the National Council for Social Security Fund (the "NSSF").

(b) On 6 August 2009, the over-allotment option of H shares was exercised and additional 139,999,500 H shares were issued at HK$6.38 per H share of the Company, which were listed on the Stock Exchange on the same day. The gross proceeds from the issuance of these H shares amounted to approximately HK$893 million.

On 6 August 2009, the Parent, Tianjin Building Materials (Holdings) Co., Ltd. and China Cinda Asset Management Corporation converted 12,528,217 domestic shares of the Company into H shares and transferred the shares to the NSSF.

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38. RESERVES

(a) Group

The changes in the reserves of the Group during the year are disclosed in the consolidated statement of changes in equity.

(b) Company

The changes in the reserves of the Company during the year were as follows:

	Share premium account RMB'000	Retained profits RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
At 31 December 2008 and 1 January 2009	2,430,342	1,260,219	1,115	3,691,676
Issue of shares	4,643,945	–	–	4,643,945
Total comprehensive income for the year	–	600,589	–	600,589
Proposed final 2009 dividend	–	(271,133)	–	(271,133)
At 31 December 2009	7,074,287	1,589,675	1,115	8,665,077
Profit appropriation to reserves	–	(191,432)	191,432	–
Total comprehensive income for the year	–	1,939,626	–	1,939,626
Proposed final 2010 dividend	–	(299,862)	–	(299,862)
At 31 December 2010	7,074,287	3,038,007	192,547	10,304,841

Statutory surplus reserve

In accordance with the PRC Company Law, the Company and its subsidiaries are required to allocate 10% of its profit after tax, as determined in accordance with the Accounting Standards 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 their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital. The SSR can not be used for purpose other than these for which they are created and are not distributable as cash dividends.

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39. NON-CURRENT ASSETS HELD FOR SALE

The Group had a 50% equity interest in Jinjian (Tianjin) Landmark Property Development and Investment Co., Ltd. ("Tianjin Jinjian"), a jointly-controlled entity of the Group. In September 2009, the Group entered into an agreement with Tanggu Factory Company (a wholly-owned subsidiary of Tianjin Building Materials, which is one of the promoters of the Company), pursuant to which the Group conditionally agreed to transfer to Tanggu Factory Company the 50% equity interest in Tianjin Jinjian. The transfer of equity interest of Tianjin Jinjian was completed during the current year.

40. BUSINESS COMBINATION UNDER COMMON CONTROL

During the reporting period, the Group has made the following acquisitions from the Parent Group:

a) On 17 January 2010, the Group entered into six acquisition agreements (collectively, the "First Acquisition Agreements") with the Parent and Beijing Dacheng Property Development Co., Ltd. ("Dacheng Property"), a wholly-owned subsidiary of the Parent.

   Pursuant to the First Acquisition Agreements, the Group acquired 60.64% equity interest in Zhenxing Cement and 100% equity interest in Shanghai Sanming Building Materials Co., Ltd. ("Shanghai Sanming") from the Parent. The Company paid cash considerations of approximately RMB414,478,000 to the Parent during the year. Zhenxing Cement is engaged in cement manufacturing and Shanghai Sanming is engaged in manufacturing and sale of building materials. Zhengxing Cement and Shanghai Sanming were acquired by the Parent from third parties in August 2009 and September 2008, respectively.

   Dacheng Property was a state-owned enterprise administrated by the Beijing SASAC, and became a wholly-owned subsidiary of the Parent when the Beijing SASAC transferred its 100% equity interest in Dacheng Property to the Parent in August 2009 for nil consideration. The transfer of 100% equity interest in Dacheng Property from the Beijing SASAC to the Parent is deemed as a business combination under common control as both Dacheng Property and the Parent are controlled by the Beijing SASAC.

   Pursuant to the First Acquisition Agreements, Dacheng Property transferred 90% equity interest in Zhangjiakou Jinyu Cement Co., Ltd. ("Zhangjiakou Cement"), 90% equity interest in Quyang Jinyu Cement Co., Ltd. ("Quyang Cement"), 100% equity interest in Zhuolu Yongxing Cement Co., Ltd. ("Zhuolu Cement") and 100% equity interest in Beijing BBMG Dacheng Development Co., Ltd. ("Dacheng Group") to the Company. The Company paid cash considerations of approximately RMB1,333,511,000, including increase in capital of Quyang Cement and Zhuolu Cement of RMB251,600,000, to Dacheng Property during the year. Zhangjiakou Cement, Quyang Cement and Zhuolu Cement are all engaged in manufacturing and sale of cement and Dacheng Group is engaged in real estate development, property investment and provision of property management services.

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40. BUSINESS COMBINATION UNDER COMMON CONTROL *(continued)*

a) *(continued)*

Since Zhenxing Cement, Shanghai Sanming, Zhangjiakou Cement, Quyang Cement, Zhuolu Cement and Dacheng Group (collectively the "First Acquirees"), and the Company are all under the common control of the Parent and that control is not transitory, the above transfers of equity interests from the Parent Group to the Company are considered as common control combinations.

b) On 31 May 2010, the Group entered into a series of agreements (collectively, the "Second Acquisition Agreements") with the Parent Group in respect of the purchase of the equity interests in sixteen entities from the Parent Group. Pursuant to the Second Acquisition Agreements, the Group has acquired from the Parent Group twelve entities including 100% equity interest in Tianjin Jinzhu Concrete Co., Ltd ("Tianjin Jinzhu Concrete"), 100% equity interest in Beijing Eco-island Science and Technology Co., Ltd ("Beijing Eco-island"), 100% equity interest in Beijing BBMG Doudian Technology Enterprise Management Co., Ltd ("Doudian"), 100% equity interest in Beijing Yanshan Cement Co., Ltd ("Yanshan Cement"), 100% equity interest in Beijing Longshuncheng Chinese Style Furniture Plant ("Longshuncheng"), 100% equity interest in Beijing Architectural Decoration Design and Engineering Co., Ltd ("Beizhuang"), 100% equity interest in Beijing BBMG Badaling Hot-Spring Resort Co., Ltd, 100% equity interest in Beijing Zhongweisenhai Property Management Co., Ltd, 100% equity interest in BBMG Dacheng Property Management Co., Ltd, 100% equity interest in Beijing Ganlujiayuan Property Management Co., Ltd, 100% equity interest in BBMG Hong Kong Co., Ltd and 100% equity interest in BBMG Human Resources Management Co., Ltd (collectively, the "Second Acquirees") before the end of the reporting period. The Group paid a total cash consideration of approximately RMB1,203,012,000 to the Parent Group during the year. Tianjin Jinzhu Concrete is engaged in manufacturing of concrete, Beijing Eco-island and Doudian are engaged in hazard waste treatment services and Yanshan Cement is engaged in manufacturing of cement. Longshuncheng and Beizhuang are engaged in business related to furniture and building materials. The other entities are mainly engaged in property management and related services.

Since the Group and the Second Acquirees are all under the ultimate control of the Parent and that control is not transitory, the transfer of the Second Acquirees from the Parent Group to the Group is considered as a common control combination.

The English names of the above acquired subsidiaries which are registered in Mainland China represent management's best effort at translating their Chinese names, as no English names have been registered.

The Group has applied merger accounting as prescribed in Accounting Guidance 5 issued by the HKICPA to account for the business combination under common control, as if the acquisitions had occurred and these acquired subsidiaries had been combined from the beginning of the earliest financial period of the consolidated financial statements presented or the date when they were first under the common control, where this is the shorter period.

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40. BUSINESS COMBINATION UNDER COMMON CONTROL *(continued)*

The comparative amounts in the consolidated financial statements have been restated and presented as if the entities had been combined at the beginning of the comparative period or when they first came under common control, whichever is later.

The reconciliation of the effect arising from the business combinations under common control on the consolidated statement of financial position as at 31 December 2009 is as follows:

As at 31 December 2009:

	The Group as previously reported	The First and Second Acquirees	Adjustments	The Group as restated
	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities				
Current assets	17,540,433	5,053,377	(287,127)	22,306,683
Non-current assets	17,916,231	3,396,864	31,390	21,344,485
Current liabilities	(11,074,940)	(4,824,569)	161,563	(15,737,946)
Non-current liabilities	(7,897,358)	(1,497,321)	–	(9,394,679)
Net assets	16,484,366	2,128,351	(94,174)	18,518,543
Equity				
Equity attributable to owners of the Company	(14,961,473)	(1,781,395)	94,174	(16,648,694)
Non-controlling interests	(1,522,893)	(346,956)	–	(1,869,849)
	(16,484,366)	(2,128,351)	94,174	(18,518,543)

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40. BUSINESS COMBINATION UNDER COMMON CONTROL *(continued)*

The reconciliation of the effect arising from the business combinations under common control on the consolidated income statement and consolidated statement of cash flows for the year ended 31 December 2009 is as follows:

Year ended 31 December 2009:

	The Group as previously reported RMB'000	The First and Second Acquirees RMB'000	Adjustments RMB'000	The Group as restated RMB'000
Profit for the year	2,115,106	(25,269)	(94,174)	1,995,663
Attributable to:				
Owners of the Company	2,035,388	(35,284)	(94,174)	1,905,930
Non-controlling interests	79,718	10,015	–	89,733
Net cash flows from operating activities	136,361	108,897	197,943	443,201
Net cash flows used in investing activities	(2,349,070)	(667,862)	(197,943)	(3,214,875)
Net cash flows from financing activities	5,830,421	1,098,304	–	6,928,725
Net increase in cash and cash equivalents	3,617,712	539,339	–	4,157,051

The above adjustments represent adjustments to eliminate transactions and current accounts among acquirees and the Group.

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41. ACQUISITIONS OF SUBSIDIARIES

Acquisitions of subsidiaries during the year ended 31 December 2010

As part of the Group's strategy to expand its market share of the cement and concrete business in the area comprising Beijing, Tianjin and Hebei Province, the Group made the following acquisitions:

(i) In January 2010 and February 2010, the Group acquired from third parties 80% and 91% equity interests in Shijiazhuang Xucheng Concrete Co., Ltd. ("Xucheng") and Shexian for cash considerations of RMB24,047,000 and RMB181,679,000, respectively. Xucheng is mainly engaged in manufacturing and sale of concrete and Shexian is mainly engaged in manufacturing and sale of cement.

(ii) In November 2009, Tianjin Jinzhu Concrete, a subsidiary of the Company combined under common control, purchased 17.33% equity interests in Tianjin BBMG Concrete Co., Ltd. ("TJ Concrete") from third parties for a cash consideration of approximately RMB10,227,000. In January 2010, Tianjin Jinzhu Concrete further acquired 42.43% equity interests in TJ Concrete through injecting Tianjin Jinzhu Concrete's other concrete businesses in Tianjin into TJ Concrete. The fair value of the injected concrete businesses as a consideration is approximately RMB13,171,000. TJ Concrete is mainly engaged in manufacturing and sale of concrete.

(iii) Pursuant to an agreement entered into with China Cinda Asset Management Corporation ("Cinda") dated 4 June 2010 and an equity transfer agreement with the Parent dated 31 May 2010, the Company acquired 66.12% and 33.88% equity interests in Beijing Cement Plant Co., Ltd. ("BJ Cement") from Cinda and the Parent for considerations of approximately RMB623,656,000 and RMB319,562,000, respectively. The transfers of equity interests in BJ Cement were completed on 31 December 2010. The cash consideration for the 33.88% equity interests has been paid to the Parent during the year. The consideration for the 66.12% equity interests will be settled by consideration shares to be issued by the Company within 12 months.

The Group acquired 100% equity interest in Chongqing BBMG Dacheng Shanshui Real Estate Co., Ltd. ("Chongqing BBMG") from a third party in July 2010. Chongqing BBMG is engaged in property development. The cash consideration of RMB20,000,000 was paid during the year.

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41. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Acquisitions of subsidiaries during the year ended 31 December 2010 *(continued)*

The aggregate fair values of the identifiable assets and liabilities of the above acquired subsidiaries as at the respective acquisition dates were as follows:

	Fair value recognised on acquisition				
	Xucheng and Shexian	TJ Concrete	Beijing Cement	Chongqing BBMG	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	322,150	38,769	155,685	–	516,604
Mining rights	–	–	10,819	–	10,819
Land use rights	98,362	–	426,318	–	524,680
Investments in associates	–	22,374	346,588	–	368,962
Deferred tax assets	–	6,253	–	–	6,253
Inventories	18,252	3,025	25,013	–	46,290
Trade and bills receivables	10,061	124,300	13,817	–	148,178
Prepayments, deposits and other receivables	8,150	66,720	131,789	–	206,659
Cash and cash equivalents	17,650	998	8,808	20,000	47,456
Trade and bills payables	(87,165)	(33,489)	(22,234)	–	(142,888)
Other payables and accruals	(151,414)	(158,297)	(128,278)	–	(437,989)
Interest-bearing bank loans	(47,200)	(31,500)	–	–	(78,700)
Taxes payable	3,755	–	–	–	3,755
Deferred tax liabilities	(24,733)	–	(25,108)	–	(49,841)
	167,868	39,153	943,217	20,000	1,170,238
Non-controlling interests	(18,418)	(15,755)	–	–	(34,173)
Goodwill on acquisition (note 17)	56,276	–	–	–	56,276
	205,726	23,398	943,217	20,000	1,192,341
Satisfied by:					
Equity interests held before the combination	–	10,227	–	–	10,227
Cash and cash equivalents	205,726	–	319,562	20,000	545,288
Consideration shares to be issued	–	–	623,655	–	623,655
Fair value of concrete business injected by Tianjin Jinzhu Concrete	–	13,171	–	–	13,171
	205,726	23,398	943,217	20,000	1,192,341

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41. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Acquisitions of subsidiaries during the year ended 31 December 2010 *(continued)*

The measurement basis for the non-controlling interests is the non-controlling interests' proportionate shares of the fair value of the acquirees' net identifiable assets.

The number of the consideration shares to be issued to Cinda will be determined based on the fixed amount of the consideration and the issue price of each share.

No gain or loss was recognised as a result of remeasuring the fair value of the equity interests in TJ Concrete held by Tianjin Jinzhu Concrete before the business combination, since the acquisition date fair value of these equity interests approximated to their book value.

The Group incurred transaction costs of RMB750,000 for the acquisitions. These transaction costs have been expensed and are included in other expenses in the consolidated income statement.

An analysis of the cash flows in respect of the acquisition of the above subsidiaries is as follows:

	Xucheng and Shexian	TJ Concrete	Beijing Cement	Chongqing BBMG	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash consideration	(205,726)	–	(319,562)	(20,000)	(545,288)
Cash and bank balances acquired	17,650	998	8,808	20,000	47,456
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	(188,076)	998	(310,754)	–	(497,832)
Transaction costs of the acquisition included in cash flows from operating activities	(620)	(80)	(50)	–	(750)
	(188,696)	918	(310,804)	–	(498,582)

Since the acquisitions, the newly acquired subsidiaries made contribution of RMB1,544,528,000 to the Group's turnover and accounted for profit before tax of RMB108,354,000 to the consolidated profit before tax for the year ended 31 December 2010.

Had the combinations taken place on 1 January 2010, the consolidated revenue and consolidated profit before tax of the Group for the year ended 31 December 2010 would have been RMB22,100,614,000 and RMB4,218,231,000 respectively.

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41. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Acquisitions of subsidiaries during the year ended 31 December 2009

a) Acquisitions made by subsidiaries associated with the business combination under common control

Tianjin Jinzhu Concrete, one of the Second Acquirees, acquired 70% equity interests in Tianjin Zhonghang Konggang Building Material Co., Ltd. ("Zhonghang") from a third party in February 2009 for a cash consideration of RMB11,258,000. Zhonghang is mainly engaged in manufacturing and sale of concrete.

Zhangjiakou Cement, one of the First Acquirees, acquired 60% equity interest in Zhangjiakou Shengtong Building Material Co., Ltd. ("Shengtong") from a third party in May 2009 for a cash consideration of RMB11,921,000. Shengtong is engaged in manufacturing and sale of mineral power.

The Parent acquired 60.64% equity interest in Zhenxing Cement from Cinda at a consideration of RMB395,000,000 in August 2009. As mentioned in note 40(a), Zhenxing Cement has been combined into the consolidated financial statements of the Group from the date when Zhenxing Cement firstly became a subsidiary of the Parent.

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41. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Acquisitions of subsidiaries during the year ended 31 December 2009 *(continued)*

a) ***Acquisitions made by subsidiaries associated with the business combination under common control.*** *(continued)*

The fair values of the identifiable assets and liabilities of Zhonghang, Shengtong and Zhenxing Cement as at the date of acquisition by the Parent Group were as follows:

	Fair value recognised on acquisition			
	Zhonghang	Shengtong	Zhenxing Cement	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	39,133	242	496,119	535,494
Land use rights	–	–	99,620	99,620
Other intangible assets	–	–	840	840
Deferred tax assets	1,186	–	22,305	23,491
Inventories	3,329	65	49,078	52,472
Trade and bills receivables	28,521	–	211,463	239,984
Prepayments, deposits and other receivables	22,786	19,995	117,701	160,482
Cash and bank balances	1,494	24	155,255	156,773
Trade and bills payables	(31,420)	(458)	(108,744)	(140,622)
Other payables and accruals	(44,167)	–	(127,331)	(171,498)
Interest-bearing bank loans	–	–	(260,375)	(260,375)
Taxes payable	(4,779)	–	(4,811)	(9,590)
Deferred tax liabilities	–	–	(17,861)	(17,861)
	16,083	19,868	633,259	669,210
Non-controlling interests	(4,825)	(7,947)	(249,190)	(261,962)
Goodwill on acquisition	–	–	10,931	10,931
	11,258	11,921	395,000	418,179
Satisfied by:				
Cash and cash equivalents	11,258	11,921	395,000	418,179

Notes to Financial Statements

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41. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Acquisitions of subsidiaries during the year ended 31 December 2009 *(continued)*

a) ***Acquisitions made by subsidiaries associated with the business combination under common control.*** *(continued)*

An analysis of the cash flows in respect of the acquisitions of the Zhonghang, Shengtong and Zhenxing Cement in 2009 is as follows:

	Zhonghang	Shengtong	Zhenxing Cement	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cash consideration	(11,258)	(11,921)	(395,000)	(418,179)
Cash and bank balances acquired	1,494	24	155,255	156,773
Net outflow of cash and cash equivalents included in cash flows from investing activities	(9,764)	(11,897)	(239,745)	(261,406)

The contributions of Zhonghang, Shengtong and Zhenxing Cement to the Group's revenue and the Group's profit before tax for the period between the date of acquisition and 31 December 2009 are RMB336,000,000 and RMB24,187,000, respectively.

Had the acquisitions taken place at the beginning of the year ended 31 December 2009, the revenue of the Group and the profit before tax of the Group for the year ended 31 December 2009 would have been RMB13,637,370 and RMB2,865,517, respectively.

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41. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Acquisitions of subsidiaries during the year ended 31 December 2009 *(continued)*

b) *Other acquisitions of subsidiaries in 2009*

In July 2008, the Group acquired the control over Taihang Huaxin, which in turn held a 30% interest in Taihang Cement, and the Group accounted for Taihang Cement as an associate. In December 2009, the Group obtained the control over the board of directors of Taihang Cement and therefore, accounted for Taihang Cement as a subsidiary of the Group. Taihang Cement is engaged in the manufacture and sale of cement.

Beijing ALAVUS Building Energy Conservation Product Limited ("ALAVUS") was an associate of the Company and become a subsidiary after the Company's acquisition of an additional 10% interest from a third party during the year. ALAVUS is engaged in the manufacture and sale of building materials. The purchase consideration for the acquisition of RMB2,800,000 was paid in the form of cash at the acquisition date.

The fair values of the identifiable assets and liabilities of Taihang Cement and ALAVUS as at the dates of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	1,176,977
Mining rights	2,273
Land use rights	136,483
Deferred tax assets	19,736
Inventories	212,322
Trade and bills receivables	319,185
Prepayments, deposits and other receivables	146,138
Cash and bank balances	361,761
Trade and bills payables	(256,804)
Other payables and accruals	(354,092)
Interest-bearing bank and other loans	(608,600)
Taxes payable	(12,695)
Deferred tax liabilities	(29,531)
Net assets acquired at the dates of acquisition	1,113,153
Non-controlling interests	(736,628)
Revaluation surplus arising from business combination achieved in stages	(1,248)
Goodwill on acquisition	52,567
	427,844
Satisfied by:	
Cash	2,800
Investments in associates	425,044
	427,844

Notes to Financial Statements

31 December 2010

41. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Acquisitions of subsidiaries during the year ended 31 December 2009 *(continued)*

b) *Other acquisitions of subsidiaries in 2009* *(continued)*

An analysis of the cash flows in respect of the acquisitions of Taihang Cement and ALAVUS is as follows:

	2009 RMB'000
Cash consideration	(2,800)
Cash and bank balances acquired	361,761
Net inflow of cash and cash equivalents included in cash flows from investing activities	358,961

The contributions of Taihang Cement and ALAVUS to the Group's revenue and to the Group's profit before tax for the year between the date of acquisition and the end of the reporting period are RMB16,095,000 and RMB1,724,000, respectively.

Had the acquisitions taken place at the beginning of the year, the revenue of the Group and the profit before tax of the Group would have been RMB15,229,890,000 and RMB2,905,992,000 respectively.

The English names of the above acquired subsidiaries represent management's best effort at translating their Chinese names, as no English names have been registered.

Notes to Financial Statements

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42. CONTINGENT LIABILITIES

(a) The Group and the Company had the following contingent liabilities not provided for as at the end of the reporting period:

		Group		Company	
	Notes	**2010**	2009	**2010**	2009
		RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
Guarantees given to banks in respect of mortgage facilities for certain purchasers of the Group's properties	(i)	**3,398,254**	1,737,931	**–**	–
Guarantees given to banks in connection with loans granted to subsidiaries	(ii)	**–**	–	**2,760,846**	3,112,546
		3,398,254	1,737,931	**2,760,846**	3,112,546

Notes:

(i) 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 title 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 these financial statements for the guarantees.

(ii) The fair value of the guarantees is not significant and the directors of the Company consider the risk of default in payment is remote, and therefore no provision for the guarantees has been made in these financial statements.

(b) The Group had contingent liabilities in relation to the transfer of certain other payable balances to the Parent in an aggregate amount of approximately RMB176.3 million (2009: RMB176.3 million). The Group may remain liable if the Parent fails to fulfil 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.

(c) 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.

Notes to Financial Statements

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43. PLEDGE OF ASSETS

(a) At the end of the reporting period, the following assets of the Group were pledged to certain banks for securing the loans granted to the Group:

	2010	2009
	RMB'000	RMB'000
		(Restated)
Investment properties	**5,190,200**	4,844,125
Property, plant and equipment	**275,403**	291,975
Land use rights	**54,354**	44,456
Properties under development	**741,433**	1,796,713
	6,261,390	6,977,269

(b) At the end of the reporting period, the following assets of the Company were pledged to certain banks for securing the loans granted to the Company:

	2010	2009
	RMB'000	RMB'000
Investment properties	**4,294,500**	4,022,400
Property, plant and equipment	**38,464**	51,390
Land use rights	**20,701**	20,775
	4,353,665	4,094,565

Notes to Financial Statements

31 December 2010

44. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group and the Company lease their investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 19 years.

At 31 December 2010, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with their tenants falling due as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		
Within one year	**526,055**	480,669	**296,775**	237,926
In the second to fifth years, inclusive	**1,073,595**	888,370	**428,203**	378,236
After five years	**1,030,992**	1,026,441	**313,381**	99,856
	2,630,642	2,395,480	**1,038,359**	716,018

(b) As lessee

The Group and the Company lease certain of their office properties, factories and machinery under operating lease arrangements. Leases for the properties are negotiated for terms ranging from 1 to 8 years.

At 31 December 2010, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		
Within one year	**42,597**	31,504	**2,700**	2,700
In the second to fifth years, inclusive	**52,964**	68,377	**6,075**	6,075
After five years	**64,309**	45,318	**–**	–
	159,870	145,199	**8,775**	8,775

Notes to Financial Statements

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45. COMMITMENTS

In addition to the operating lease commitments detailed in note 44(b) above, the Group and the Company had the following capital commitments at the end of the reporting period:

	Group		Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		
Contracted, but not provided for:				
Property, plant and equipment	**220,369**	165,404	**–**	–
Properties being developed by the Group for sale	**4,513,576**	2,488,149	**–**	–
Acquisition of subsidiaries	**575,422**	–	**575,422**	–
	5,309,367	2,653,553	**575,422**	–

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46. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Group 2010 RMB'000	Group 2009 RMB'000 (Restated)
Sale of goods to the Parent Group	**113,431**	92,740
Sale of properties to the Parent Group	**–**	138,353
Sale of goods to jointly-controlled entities	**13,222**	18,561
Sale of goods to associates	**38,081**	188,755
Purchase of goods from the Parent Group	**302,836**	557,497
Purchase of properties from the Parent Group	**272,797**	118,617
Purchase of goods from jointly-controlled entities	**17,193**	22,432
Purchase of goods from associates	**–**	495,511
Rendering of services to the Parent Group	**32,047**	3,800
Rendering of services to a jointly-controlled entity	**4,750**	–
Rendering of services to associates	**2,359**	2,440
Purchase of service from the Parent Group	**10,079**	10,823
Rental income from jointly-controlled entities	**16,170**	2,328
Rental income from associates	**7,875**	5,553
Rental expense to the Parent Group	**10,612**	4,130
Interest income from a jointly-controlled entity	**457**	8,896
Interest expense paid to a jointly-controlled entity	**9,483**	–
Relocation fees from the Parent Group	**13,855**	–
Relocation fee paid to the Parent Group	**328,052**	–

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.

Notes to Financial Statements

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46. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with related parties

	Group 2010 RMB'000	2009 RMB'000 (Restated)
Trade receivables due from		
– The Parent Group	**42,416**	5,591
– Associates	**–**	107
Other receivables due from		
– The Parent Group	**382,720**	80,908
– Jointly-controlled entities	**68,000**	129,348
– Associates	**12,605**	8,389
Trade payables due to		
– The Parent Group	**26,116**	11,495
– Jointly-controlled entities	**2,077**	4,256
– Associates	**13**	–
Other payables due to		
– The Parent Group	**–**	134,822
– Jointly-controlled entities	**555,637**	49,545

Except for the amounts due to a jointly-controlled entity of approximately RMB510,029,000 in aggregate (2009: Nil) which are interest-bearing, the above balances are non-interest-bearing, unsecured and have no fixed terms of repayment.

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46. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel of the Group

	2010 RMB'000	2009 RMB'000
Short term employee benefits	**4,933**	4,901
Pension scheme contributions	**146**	138
Total compensation paid to key management personnel	**5,079**	5,039

(d) Transactions with other State-controlled entities in Mainland China

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 business 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.

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47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

Financial assets

	2010 Loans and receivables RMB'000	2010 Available-for-sale financial assets RMB'000	2010 Total RMB'000	2009 Loans and receivables RMB'000 (Restated)	2009 Available-for-sale financial assets RMB'000 (Restated)	2009 Total RMB'000 (Restated)
Available-for-sale investments	–	21,351	21,351	–	33,877	33,877
Trade and bills receivables	3,252,984	–	3,252,984	2,122,511	–	2,122,511
Financial assets included in prepayments, deposits and other receivables	2,271,213	–	2,271,213	1,544,727	–	1,544,727
Restricted cash	256,531	–	256,531	161,856	–	161,856
Cash and cash equivalents	5,025,398	–	5,025,398	6,266,643	–	6,266,643
	10,806,126	21,351	10,827,477	10,095,737	33,877	10,129,614

Financial liabilities

	2010 Financial liabilities at amortised cost RMB'000	2009 Financial liabilities at amortised cost RMB'000 (Restated)
Trade and bills payables	4,418,759	2,763,291
Financial liabilities included in other payables and accruals	2,106,673	1,133,774
Corporate bonds and notes	4,684,792	1,879,184
Interest-bearing bank loans (note 30)	16,899,263	8,150,761
	28,109,487	13,927,010

Notes to Financial Statements

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47. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

Company

Financial assets

	2010 Loans and receivables RMB'000	2010 Available-for-sale financial assets RMB'000	2010 Total RMB'000	2009 Loans and receivables RMB'000	2009 Available-for-sale financial assets RMB'000	2009 Total RMB'000
Available-for-sale investments	–	7,080	7,080	–	8,194	8,194
Financial assets included in prepayments, deposits and other receivables	12,638,759	–	12,638,759	4,410,542	–	4,410,542
Restricted cash	5,000	–	5,000	–	–	
Cash and cash equivalents	2,091,138	–	2,091,138	3,409,781	–	3,409,781
	14,734,897	7,080	14,741,977	7,820,323	8,194	7,828,517

Financial liabilities

	2010 Financial liabilities at amortised cost RMB'000	2009 Financial liabilities at amortised cost RMB'000
Trade and bills payables	50,000	30,656
Financial liabilities included in other payables and accruals	3,861,030	2,983,268
Corporate bonds and notes	4,684,792	1,879,184
Interest-bearing bank loans (note 30)	12,050,000	2,350,000
	20,645,822	7,243,108

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48. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows: *(continued)*

Group

	Carrying amounts		Fair values	
	2010	2009	**2010**	2009
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000 (Restated)
Financial assets				
Cash and cash equivalents	**5,025,398**	6,266,643	**5,025,398**	6,266,643
Restricted cash	**256,531**	161,856	**256,531**	161,856
Trade and bills receivables	**3,252,984**	2,122,511	**3,252,984**	2,122,511
Financial assets included in prepayments, deposits and other receivables	**2,271,213**	1,544,727	**2,271,213**	1,544,727
Available-for-sale investments	**21,351**	33,877	**21,351**	33,877
	10,827,477	10,129,614	**10,827,477**	10,129,614
Financial liabilities				
Trade and bills payables	**4,418,759**	2,763,291	**4,418,759**	2,763,291
Financial liabilities included in other payables and accruals	**2,106,673**	1,133,774	**2,106,673**	1,133,774
Interest-bearing bank loans	**16,899,263**	8,150,761	**16,899,263**	8,150,761
Due to the ultimate holding company	**–**	134,822	**–**	134,822
Corporate bonds and notes	**4,684,792**	1,879,184	**4,684,792**	1,879,184
	28,109,487	14,061,832	**28,109,487**	14,061,832

Notes to Financial Statements

31 December 2010

48. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows: *(continued)*

Company

	Carrying amounts		Fair values	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Cash and cash equivalents	**2,091,138**	3,409,781	**2,091,138**	3,409,781
Pledged deposits	**5,000**	–	**5,000**	–
Financial assets included in prepayments, deposits and other receivables	**12,638,759**	4,410,542	**12,638,759**	4,410,542
Available-for-sale investments	**7,080**	8,194	**7,080**	8,194
	14,741,977	7,828,517	**14,741,977**	7,828,517
Financial liabilities				
Due to subsidiaries	**50,000**	30,656	**50,000**	30,656
Financial liabilities included in other payables and accruals	**3,861,030**	2,983,268	**3,861,030**	2,983,268
Interest-bearing bank loans	**12,050,000**	2,350,000	**12,050,000**	2,350,000
Corporate bonds and notes	**4,684,792**	1,879,184	**4,684,792**	1,879,184
	20,645,822	7,243,108	**20,645,822**	7,243,108

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, restricted cash, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing bank loans and corporate bonds and notes have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on quoted market prices.

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.

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48. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

Group

As at 31 December 2010

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Available-for-sale investments:				
Equity investments	**133**	**–**	**–**	**133**

As at 31 December 2009

	Level 1 RMB'000 (Restated)	Level 2 RMB'000 (Restated)	Level 3 RMB'000 (Restated)	Total RMB'000 (Restated)
Available-for-sale investments:				
Equity investments	10,402	–	–	10,402

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49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, corporate bonds and notes, 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 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 rates, and fixed interest rate instruments will result in the Group facing fair value interest rate risk.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage the mix in a cost-effective manner, the Group issued corporate bonds with fixed interest rate and raised certain bank loans with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

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49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Interest rate risk *(continued)*

	Increase/ decrease in basis points	Group Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
Year ended 31 December 2010	+100	(74,096)	–
Year ended 31 December 2009 (restated)	+100	(29,483)	–
Year ended 31 December 2010	–100	74,096	–
Year ended 31 December 2009 (restated)	–100	29,483	–

* Excluding retained profits

Foreign currency risk

The Group's businesses are located in Mainland China and most of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB except certain short term bank deposits denominated in Hong Kong dollars ("HK$") and United States dollars ("US$") which expose the Group to foreign currency risk. The Group has not hedged its foreign exchange rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets).

Notes to Financial Statements

31 December 2010

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

	Increase/ (decrease) in	Increase/(decrease) in profit before tax	
		2010	2009
	%	**RMB'000**	RMB'000 (Restated)
If RMB weakens against HK$	(3)	**597**	50,802
If RMB strengthens against HK$	3	**(597)**	(50,802)

	Increase/ (decrease) in	Increase/(decrease) in profit before tax	
		2010	2009
	%	**RMB'000**	RMB'000 (Restated)
If RMB weakens against US$	(3)	**53**	230
If RMB strengthens against US$	3	**(53)**	(230)

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, 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 42.

Notes to Financial Statements

31 December 2010

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

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 at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2010					
	On demand	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	RMB'000
Interest-bearing bank loans	–	9,975,858	3,135,067	5,053,872	261,025	18,425,822
Corporate bonds and notes	–	139,860	216,480	5,185,601	–	5,541,941
Trade and bills payables	4,418,759	–	–	–	–	4,418,759
Other payables	2,030,053	76,620	140,292	–	–	2,246,965
Guarantees given to banks in respect of mortgage facilities for certain purchasers of the Group's properties	3,398,254	–	–	–	–	3,398,254
	9,847,066	10,192,338	3,491,839	10,239,473	261,025	34,031,741

	2009					
	On demand	Within 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000 (Restated)
Interest-bearing bank loans	–	3,726,970	2,047,065	2,778,443	408,843	8,961,321
Corporate bonds and notes	–	32,112	87,052	204,448	1,900,000	2,223,612
Trade and bills payables	2,763,291	–	–	–	–	2,763,291
Other payables	1,079,054	54,720	140,292	–	–	1,274,066
Guarantees given to banks in respect of mortgage facilities for certain purchasers of the Group's properties	1,737,931	–	–	–	–	1,737,931
	5,580,276	3,813,802	2,274,409	2,982,891	2,308,843	16,960,221

Notes to Financial Statements

31 December 2010

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Company's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Company

	2010					
	On demand	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	RMB'000
Interest-bearing bank loans	–	7,377,648	2,194,730	3,361,546	–	12,933,924
Corporate bonds and notes	–	139,860	216,480	5,185,601	–	5,541,941
Trade and bills payables	50,000	–	–	–	–	50,000
Other payables	3,784,410	76,620	–	–	–	3,861,030
Guarantees given to banks in connection with loans granted to subsidiaries	2,760,846	–	–	–	–	2,760,846
	6,595,256	7,594,128	2,411,210	8,547,147	–	25,147,741

	2009					
	On demand	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	RMB'000
Interest-bearing bank loans	–	806,341	805,326	987,760	–	2,599,427
Corporate bonds and notes	–	32,112	87,052	204,448	1,900,000	2,223,612
Trade and bills payables	30,656	–	–	–	–	30,656
Other payables	2,928,548	54,720	–	–	–	2,983,268
Guarantees given to banks in connection with loans granted to subsidiaries	3,112,546	–	–	–	–	3,112,546
	6,071,750	893,173	892,378	1,192,208	1,900,000	10,949,509

Notes to Financial Statements

31 December 2010

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

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 year.

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 and corporate bonds and notes less cash and cash equivalents and restricted cash. Capital represents the total equity.

At the end of the reporting period, 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 the reporting periods were as follows:

Group

	2010 **RMB'000**	2009 RMB'000 (Restated)
Interest-bearing bank loans	**16,899,263**	8,150,761
Corporate bonds and notes	**4,684,792**	1,879,184
Less: Cash and cash equivalents	**(5,025,398)**	(6,266,643)
Restricted cash	**(256,531)**	(161,856)
Net borrowings	**16,302,126**	3,601,446
Total equity	**18,056,284**	18,518,543
Net borrowings to equity	**90%**	19%

Notes to Financial Statements

31 December 2010

50. MAJOR NON-CASH TRANSACTIONS

The non-cash capital contributions made by the non-controlling shareholders of the subsidiaries of the Group during the year were in the from of assets of approximately RMB149,610,000.

51. EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to the equity transfer agreements dated 23 February 2010 and the supplementary agreements dated 31 December 2010, the Company acquired 65% equity interest in Beijing Chinefarge Cement Co., Ltd. and 70% equity interest in Beijing Shunfa Lafarge Cement Co., Ltd. from Lafarge China Offshore Holding Co., Ltd. ("LCOHC") at considerations of approximately RMB339,381,000 and RMB110,681,000, respectively. The controls and ownerships of the above two companies were transferred to the Company on 1 January 2011. The Group is in the process of making an assessment of the fair value of the identified assets and liabilities of the acquired entities.

(b) For the purpose of mergering Taihang Cement with the Group, the Company issued 410,404,560 A shares of the Company ("A Shares") in exchange for shares of Taihang Cement held by non-controlling shareholders of Taihang Cement at an exchange ratio of 1.2 A Shares for 1 Taihang Cement share. The shares of Taihang Cement were delisted from the Shanghai Stock Exchange on 18 February 2011 and the A Shares of the Company are listed on the Shanghai Stock Exchange on 1 March 2011. In connection with the issuance of the A Shares by the Company, the existing 2,365,470,065 domestic shares and 338,480,000 unlisted foreign shares of the Company were converted into the A Shares and traded at the Shanghai Stock Exchange on the same conditions in all respects as those of the A Shares issued in exchange for Taihang Cement shares, save for the statutory lock-up restrictions. The A Shares hold by the Parent of 1,844,852,426 shares are subject to a lock-up period of 36 months and the A Shares converted from the other domestic shares and unlisted foreign shares of 950,302,199 shares are subject to a lock-up period of 12 months.

The table below sets out the change of shareholding structure of the Company as a result of the issue of the A Shares:

	Before issue of A Shares		**After issue of A Shares**	
	Number of shares	%	Number of shares	%
Unlisted shares				
– Domestic shares	2,365,470,065	61.07	–	–
– Foreign shares	338,480,000	8.74	–	–
H shares	1,169,382,435	30.19	1,169,382,435	27.30
A Shares	–	–	3,114,354,625	72.70
Total	3,873,332,500	100.00	4,283,737,060	100.00

Taihang Cement will be deregistered after merger with the Company and its assets and liabilities will be transferred to the Company.

Notes to Financial Statements

31 December 2010

52. COMPARATIVE AMOUNTS

As further explained in note 40 to the financial statements, due to the business combination under common control during the year, comparative amounts in the consolidated financial statements have been restated to conform with the basis of preparation as stated in note 2.1 to the financial statements.

53. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2011.

DEFINITIONS

The following terms and expressions contained in this Annual Report shall, unless the context otherwise requires, have the meanings assigned to them as follows:

"A Shares"	domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, listed on the Shanghai Stock Exchange
"Articles"	the articles of association of the Company (as amended from time to time)
"Badaling Travel"	北京金隅八達嶺溫泉度假村有限責任公司(BBMG Badaling Hot-spring Resort Co., Ltd.*)
"BBMG Dacheng"	北京金隅大成物業管理有限公司 (BBMG Dacheng Property Management Co., Ltd.*)
"BBMG Home"	北京金隅家居有限公司 (BBMG Home Furnishing Co., Ltd.*)
"BBMG Hong Kong"	BBMG Hong Kong Limited 金隅香港有限公司
"BBMG Hongye"	北京金隅宏業生態科技有限責任公司 (BBMG Hongye Ecological Science and Technology Co., Ltd.*)
"BBMG Human Resources"	北京金隅人力資源管理有限公司(BBMG Human Resources Management Co., Ltd.*)
"BBMG Landao Building"	a building with an actual GFA of approximately 16,930.15 sq.m. located at the BBMG Landao Site
"BBMG Landao Site"	the parcel of land located at No.1 Anningzhuang East Road, Qinghe, Haidian District, Beijing, PRC
"BBMG Mangrove Environmental"	北京金隅紅樹林環保技術有限責任公司(BBMG Mangrove Environmental Protection Technology Co., Ltd.*)
"BBMG Property Management"	北京金隅物業管理有限責任公司 (BBMG Property Management Co., Ltd.*)

"Beijing Architectural Decoration"	北京市建築裝飾設計工程有限公司 (Beijing Architectural Decoration, Design and Engineering Co., Ltd.*)
"Beijing Building Materials"	北京市建築材料銷售中心 (Beijing Building Materials Sales Centre*)
"Beijing Building Materials Group"	北京建築材料集團總公司實業發展公司 (Beijing Building Materials Group Corporation Industrial & Commerce Development Co., Ltd.*)
"Beijing Cement Plant"	北京水泥廠有限責任公司 (Beijing Cement Plant Co., Ltd.*)
"Beijing Eco-island"	北京市生態島科技有限責任公司 (Beijing Eco-island Science and Technology Co., Ltd.*)
"Beijing Furniture"	北京市傢俱公司 (Beijing Furniture Co., Ltd.*)
"Beijing Ganlujiayuan"	北京甘露家園物業管理有限責任公司 (Beijing Ganlujiayuan Property Management Co., Ltd.*)
"Beijing Jianji"	北京建機資產經營有限責任公司 (Beijing Jianji Assets Management Co., Ltd.*)
"Beijing Jinhaiyan"	北京金海燕物業管理有限公司 (Beijing Jinhaiyan Property Management Co., Ltd.*)
"Beijing Longshuncheng"	北京市龍順成中式傢俱廠 (Beijing Longshuncheng Chinese Style Furniture Plant*)
"Beijing Pinggu"	北京市平谷區水泥二廠有限公司 (Beijing Pinggu No.2 Cement Plant Co., Ltd.*)
"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

"Beijing Yanshan Cement"	北京市燕山水泥有限公司 (Beijing Yanshan Cement Co., Ltd.*)
"Beijing Yaxin" (later renamed as "BBMG Doudian")	北京亞新特種建材有限責任公司 (Beijing Yaxin Special Building Materials Co., Ltd.*) (Later renamed as BBMG Doudian 北京金隅竇店科技企業管理有限公司 (Beijing BBMG Doudian Technology Enterprise Management Co., Ltd.*))
"Beijing Yuandongjiemei"	北京遠東潔美服務公司 (Beijing Yuandongjiemei Services Company*)
"Beijing Zhongweisenhai"	北京中威森海物業管理有限公司 (Beijing Zhongweisenhai Property Management Co., Ltd.*)
"Board"	the board of Directors
"CASs"	Chinese Accounting Standards for Business Enterprises
"CG Code"	Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules
"China Cinda"	中國信達資產管理公司 (China Cinda Asset Management Corporation*), a wholly State-owned limited liability company established on 19 April 1999 under the laws of the PRC and a holder of 1.69% of the issued share capital of the Company as at the date of this Annual Report
"Company"	北京金隅股份有限公司 (BBMG Corporation*)
"Crane Beijing"	珂恩(北京)建材有限公司 (Crane (Beijing) Building Materials Co., Ltd.*)
"Dacheng Group"	北京大成開發集團有限公司 (Beijing Dacheng Development Group Co., Ltd*) (Later renamed as 北京金隅大成開發有限公司 (Beijing BBMG Dacheng Development Co., Ltd.*))

"Dacheng Property"	北京大成房地產開發有限公司 (Beijing Dacheng Property Development Co., Ltd*)
"Dingxin Cement"	鹿泉東方鼎鑫水泥有限公司 (Luquan Dongfang Dingxin Cement Co., Ltd.*) (Later renamed as 鹿泉金隅鼎鑫水泥有限公司 (Luquan Jinyu Dingxin Cement Co., Ltd.*))
"Director(s)"	director(s) of the Company
"GFA"	gross floor area
"Group"	the Company and its subsidiaries from time to time
"H Shares"	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
"Hebei Tiantashan"	河北天塔山建材有限責任公司 (Hebei Tiantashan Building Materials Co., Ltd.*)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Liulihe Cement"	北京市琉璃河水泥有限公司 (Beijing Liulihe Cement Co., Ltd.*)
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules

"Parent"	北京金隅集團有限責任公司 (BBMG Group Company Limited*), a limited liability company established on 6 December 1996 under the laws of the PRC, a wholly-owned subsidiary of Beijing SASAC, being the controlling shareholder of the Company holding approximately 43.07% of the issued share capital of the Company as at the date of this Annual Report
"PRC"	the People's Republic of China
"Quyang Cement"	曲陽金隅水泥有限公司 (Quyang Jinyu Cement Co., Ltd.*)
"Reporting Period"	the financial reporting period of the Company commencing on 1 January 2010 and ended on 31 December 2010
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising H Shares, domestic shares and unlisted foreign shares as at 31 December 2010 and H Shares and A Shares as at the date of this Annual Report
"Shareholder(s)"	holder(s) of the Share(s)
"Shanghai Sanming"	上海三明建材有限公司 (Shanghai Sanming Building Materials Co., Ltd*)
"Sinoma"	中國中材股份有限公司 (China National Materials Co., Ltd.*), a joint stock company established on 31 July 2007 under the laws of the PRC, whose securities have been listed on the Stock Exchange (Stock Code: 1893) since 20 December 2007, one of the promoters of the Company and a holder of 6.19% of the issued share of the Company as at the date of this Annual Report

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Board"	the board of Supervisors
"Taihang Cement"	河北太行水泥股份有限公司 (Hebei Taihang Cement Co., Ltd*)
"Tianjin Jinzhu Concrete"	天津金築混凝土有限公司 (Tianjin Jinzhu Concrete Co., Ltd.*)
"Tiantan Furniture"	北京天壇股份有限公司 (Beijing Tiantan Corporation*)
"Tongda Refractory"	北京通達耐火技術股份有限公司 (Beijing Tongda Refractory Technology Corporation*)
"Xinbeishui"	北京新北水水泥有限責任公司 (Beijing Xinbeishui Cement Co., Ltd.*)
"Zanhuang Cement"	贊皇金隅水泥有限公司 (Zanhuang BBMG Cement Co., Ltd.*)
"Zhangjiakou Cement"	張家口金隅水泥有限公司 (Zhangjiakou Jinyu Cement Co., Ltd*)
"Zhenxing Cement"	天津振興水泥有限公司 (Tianjin Zhenxing Cement Co., Ltd.*)
"Zhuolu Cement"	涿鹿永興水泥有限責任公司 (Zhuolu Yongxing Cement Co., Ltd.*)
"RMB"	Renminbi yuan, the lawful currency of the PRC
"%"	per cent.

* *for identification purposes only*

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below.

RESULTS

	2010 RMB'000	2009 RMB'000 (Restated)	2008 RMB'000	2007 RMB'000	2006 RMB'000
REVENUE	**21,997,718**	13,270,696	8,550,656	80,080,460	6,612,345
PROFIT FOR THE YEAR	**2,951,377**	1,995,663	1,386,011	693,760	536,770
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY	**2,716,292**	1,905,930	1,320,816	643,588	494,192
DIVIDEND	**299,862**	271,133	112,000	112,689	54,330
DIVIDEND PER SHARE	**RMB0.070**	RMB0.070	RMB0.040	RMB0.060	RMB0.030
EARNINGS PER SHARE (BASIC)	**RMB0.70**	RMB0.59	RMB0.59	RMB0.36	RMB0.30

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	2010 RMB'000	2009 RMB'000 (Restated)	2008 RMB'000 (Restated)	2007 RMB'000	2006 RMB'000
NON-CURRENT ASSETS	**27,784,017**	21,344,485	16,266,995	10,725,717	9,086,525
CURRENT ASSETS	**33,262,478**	22,232,583	14,197,407	10,871,000	8,123,884
TOTAL ASSETS	**61,046,495**	43,577,068	30,464,402	21,596,717	17,210,409
CURRENT LIABILITIES	**27,765,175**	15,718,566	16,622,903	14,965,592	10,561,177
NON-CURRENT LIABILITIES	**15,225,036**	9,339,959	4,779,781	2,448,924	2,603,814
TOTAL LIABILITIES	**42,990,211**	25,058,525	21,402,684	17,414,516	13,164,991
NON-CONTROLLING INTERESTS	**1,882,046**	1,869,849	849,199	610,678	289,233
NET ASSETS	**18,056,284**	18,518,543	9,061,718	4,182,201	4,045,418
NET ASSETS PER SHARE	**RMB4.66**	RMB4.78	RMB3.24	RMB2.32	RMB2.25

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