CNBM

# China National Building Material Company Limited*

中 國 建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

The Group's unaudited consolidated revenue amounted to approximately RMB21,367.8 million for the six months ended 30 June 2010, representing an increase of approximately 51.7% over the same period of last year.

Unaudited profit attributable to equity holders of the Group was approximately RMB1,069.8 million, representing an increase of approximately 25.7% over the same period of last year.

Basic earnings per share was approximately RMB0.431, representing an increase of approximately 22.4% over the same period of last year.

**The Board does not recommend an interim dividend for the six months ended 30 June 2010.**

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2010.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2010 have been reviewed by the independent auditor, the Board and the audit committee of the Company.

## CONDENSED CONSOLIDATED INCOME STATEMENT

*FOR THE SIX MONTHS ENDED 30 JUNE 2010*

| | Note | Six months ended 30 June **2010** *RMB'000* (unaudited) | 2009 *RMB'000* (unaudited) |
|---|---|---|---|
| Revenue | 3 | **21,367,814** | 14,081,116 |
| Cost of sales | | **(17,303,552)** | (11,400,016) |
| Gross profit | | **4,064,262** | 2,681,100 |
| Selling and distribution costs | | **(815,213)** | (549,126) |
| Administrative expenses | | **(1,196,188)** | (822,906) |
| Investment and other income | 4 | **872,741** | 733,109 |
| Finance costs – net | 5 | **(1,097,293)** | (730,732) |
| Share of profit of associates | | **75,283** | 13,852 |
| Profit before income tax | 6 | **1,903,592** | 1,325,297 |
| Income tax expenses | 7 | **(431,169)** | (225,949) |
| Profit for the period | | **1,472,423** | 1,099,348 |
| Attributable to: | | | |
| Equity holders of the Company | | **1,069,801** | 850,780 |
| Non – controlling interests | | **402,622** | 248,568 |
| | | **1,472,423** | 1,099,348 |
| Earnings per share — basic and diluted *(RMB)* | 9 | **0.431** | 0.352 |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30 JUNE 2010*

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Profit for the period | **1,472,423** | 1,099,348 |
| Other comprehensive income: | | |
| — Currency translation differences | **(8,404)** | 290 |
| Total comprehensive income for the period | **1,464,019** | 1,099,638 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | **1,061,397** | 851,070 |
| Non-controlling interests | **402,622** | 248,568 |
| Total comprehensive income for the period | **1,464,019** | 1,099,638 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 30 JUNE 2010*

| | *Note* | **30 June 2010** *RMB'000* **(unaudited)** | 31 December 2009 *RMB'000* (audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **43,359,673** | 36,589,612 |
| Prepaid lease payments | | **5,381,885** | 4,706,127 |
| Investment properties | | **273,398** | 282,815 |
| Goodwill | | **8,125,308** | 7,044,298 |
| Intangible assets | | **1,199,443** | 983,407 |
| Investments in associates | | **3,267,549** | 2,879,108 |
| Available-for-sale financial assets | | **140,395** | 139,414 |
| Deposits | | **2,842,889** | 3,075,778 |
| Deferred income tax assets | | **517,912** | 454,802 |
| | | **65,108,452** | 56,155,361 |
| **Current assets** | | | |
| Inventories | | **6,558,021** | 4,741,566 |
| Trade and other receivables | 10 | **16,640,932** | 10,009,431 |
| Held-for-trading investments | | **299,394** | 313,968 |
| Amounts due from related parties | | **1,243,149** | 973,390 |
| Pledged bank deposits | | **899,812** | 971,688 |
| Cash and cash equivalents | | **6,261,072** | 3,843,633 |
| Assets classified as held for sale | | **76,670** | — |
| | | **31,979,050** | 20,853,676 |

| | | | |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and other payables | 11 | **18,638,750** | 14,419,297 |
| Amounts due to related parties | | **536,071** | 1,112,354 |
| Borrowings | | **27,334,778** | 21,942,921 |
| Obligations under finance leases | | **542,231** | 257,055 |
| Current income tax liabilities | | **548,077** | 582,324 |
| Financial guarantee contracts due within one year | | **—** | 1,640 |
| Dividend payable to non – controlling interests shareholders | | **108,736** | 4,379 |
| | | **47,708,643** | 38,319,970 |
| **Net current liabilities** | | **(15,729,593)** | (17,466,294) |
| **Total assets less current liabilities** | | **49,378,859** | 38,689,067 |
| **Non-current liabilities** | | | |
| Borrowings | | **26,891,760** | 19,073,005 |
| Deferred income | | **167,913** | 145,531 |
| Obligations under finance leases | | **2,041,619** | 1,003,656 |
| Financial guarantee contracts due after one year | | **13,140** | 13,140 |
| Deferred income tax liabilities | | **909,510** | 938,307 |
| | | **30,023,942** | 21,173,639 |
| **Net assets** | | **19,354,917** | 17,515,428 |
| **Capital and reserves** | | | |
| Share capital | | **2,481,215** | 2,481,215 |
| Reserves | | **11,484,514** | 10,413,552 |
| Capital and reserves attributable to equity holders of the Company | | **13,965,729** | 12,894,767 |
| Non-controlling interests | | **5,389,188** | 4,620,661 |
| **Total equity** | | **19,354,917** | 17,515,428 |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*FOR THE SIX MONTHS ENDED 30 JUNE 2010*

## 1. GENERAL INFORMATION

China National Building Material Company Limited (the "Company") was established as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 28 March 2005. On 23 March 2006, the Company's share were listed on the Main Board of the Stock Exchange.

The Company's immediate and ultimate holding company is China National Building Material Group Corporation ("Parent"), which is a state-owned enterprise established on 3 January 1984 under the laws of the PRC.

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in manufacturing and trading of building materials. Hereinafter, the Company and its subsidiaries are collectively referred to as the "Group".

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial statements has been prepared in accordance with the applicable disclosure requirement of Appendix 16 to the Listing Rules and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRSs.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except as described below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

**(a) New and amended standards adopted by the Group**

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27 (revised), 'Consolidated and separate financial statements', IAS 28, 'Investment in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), 'Consolidated and separate financial statements', at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Those transactions with no changes in control of subsidiaries, which are under the effect from IAS 27 (revised), have been recorded in the statement of the changes in equity.

**(b) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group**

- IFRIC — Int 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

- IFRIC — Int 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

- 'Additional exemptions for first-time adopters' (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

- Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective 1 January 2010.

The adoption of these new interpretations had no material effect on how the results or financial position of the Group for the current or prior accounting periods have been prepared or presented. Accordingly, no prior period adjustment has been required.

**(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

| | |
|---|---|
| IFRS 7 | Financial Instruments: Disclosures "Limited exemption from comparatives for first-time adopters" [2] |
| IFRS 9 | Financial instruments [4] |
| IAS 24 (revised) | Related party disclosures [3] |
| IAS 32 (amendments) | Financial instruments: presentation — 'Classification of right issues' [1] |
| IFRIC — Int 14 (amendments) | IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction — 'prepayments of a minimum funding requirements' [3] |
| IFRIC — Int 19 | Extinguishing financial liability with equity instruments [2] |

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 January 2013

Further improvements to International Financial Reporting Standards were issued in May 2010. The effective dates vary standard by standard.

The Group has not early applied the new and revised standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

## 3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into four main operating divisions — lightweight building materials, cement, engineering services, and glass fiber and composite materials. These activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

| | | |
|---|---|---|
| Lightweight building materials | — | Production and sale of lightweight building materials |
| Cement | — | Production and sale of cement |
| Engineering services | — | Provision of engineering services to glass and cement, manufacturers and equipment procurement |
| Glass fiber and composite materials | — | Production and sale of glass fiber and composite materials |
| Others | — | Merchandise trading business and others |

More than 90% of the Group's operations and assets are located in the PRC for the period ended 30 June 2010 and 31 December 2009.

Information regarding the Group's reportable segments is presented as below:

*For the six months ended 30 June 2010*

| | Lightweight building materials | Cement | Engineering services | Glass fiber and composite materials | Others | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **INCOME STATEMENT** | | | | | | | |
| Revenue | | | | | | | |
| External sales | 1,880,404 | 15,402,709 | 1,604,233 | 1,316,540 | 1,163,928 | — | 21,367,814 |
| Inter-segment sales *(Note)* | 2,496 | — | 416,103 | — | 21,939 | (440,538) | — |
| | 1,882,900 | 15,402,709 | 2,020,336 | 1,316,540 | 1,185,867 | (440,538) | 21,367,814 |
| **Adjusted EBITDA (unaudited)** | 347,030 | 3,165,251 | 302,545 | 206,732 | 9,518 | — | 4,031,076 |
| Depreciation and amortisation | (86,001) | (911,905) | (8,964) | (29,677) | (10,338) | 288 | (1,046,597) |
| Unallocated other expenses | | | | | | | (700) |
| Unallocated administrative expenses | | | | | | | (58,177) |
| Share of profit/(loss) of associates | (2,164) | 17,356 | — | 60,066 | 25 | — | 75,283 |
| Finance costs — net | | | | | | | (1,097,293) |
| Profit before income tax | | | | | | | 1,903,592 |
| Income tax expenses | | | | | | | (431,169) |
| **Profit for the period (unaudited)** | | | | | | | 1,472,423 |

The segment result is disclosed as EBITDA, i.e. the profit earned by each segment without allocation of depreciation and amortisation, other expenses, central administration costs, net finance costs, other income, share of profit/(loss) of associates and income tax expenses. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the period under evaluation compared to relying on one of the measures.

*As at 30 June 2010*

| | **Lightweight building materials** | **Cement** | **Engineering services** | **Glass fiber and composite materials** | **Others** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **STATEMENT OF FINANCIAL POSITION** | | | | | | | |
| **ASSETS** | | | | | | | |
| Segment assets | 5,832,042 | 68,614,207 | 4,501,030 | 3,511,398 | 1,342,887 | — | 83,801,564 |
| Investments in associates | 188,443 | 1,537,440 | 2,188 | 1,416,956 | 122,522 | — | 3,267,549 |
| Unallocated assets | | | | | | | 10,018,389 |
| **Total consolidated assets (unaudited)** | | | | | | | 97,087,502 |
| **LIABILITIES** | | | | | | | |
| Segment liabilities | 853,952 | 13,932,817 | 2,125,764 | 1,298,167 | 387,485 | — | 18,598,185 |
| Unallocated liabilities | | | | | | | 59,134,400 |
| **Total consolidated liabilities (unaudited)** | | | | | | | 77,732,585 |

Information regarding the Group's reportable segments is presented as below:

*For the six months ended 30 June 2009*

| | **Lightweight building materials** | **Cement** | **Engineering services** | **Glass fiber and composite materials** | **Others** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **INCOME STATEMENT** | | | | | | | |
| Revenue | | | | | | | |
| External sales | 1,353,922 | 9,971,584 | 1,239,347 | 944,825 | 571,438 | — | 14,081,116 |
| Inter-segment sales *(Note)* | — | 2,691 | 36,979 | — | 8,854 | (48,524) | — |
| | 1,353,922 | 9,974,275 | 1,276,326 | 944,825 | 580,292 | (48,524) | 14,081,116 |
| **Adjusted EBITDA (unaudited)** | 279,164 | 1,897,887 | 239,286 | 262,384 | 163,096 | — | 2,841,817 |
| Depreciation and amortisation | (68,815) | (673,387) | (3,863) | (31,024) | (19,289) | 288 | (796,090) |
| Unallocated other income | | | | | | | 34,048 |
| Unallocated other expenses | | | | | | | (1,000) |
| Unallocated administrative expenses | | | | | | | (36,598) |
| Share of profit/(loss) of associates | 5,775 | 9,773 | (1,803) | (13,183) | 13,290 | — | 13,852 |
| Finance costs — net | | | | | | | (730,732) |
| Profit before income tax | | | | | | | 1,325,297 |
| Income tax expenses | | | | | | | (225,949) |
| **Profit for the period (unaudited)** | | | | | | | 1,099,348 |

*As at 31 December 2009*

| | Lightweight building materials | Cement | Engineering services | Glass fiber and composite materials | Others | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **STATEMENT OF FINANCIAL POSITION** | | | | | | | |
| **ASSETS** | | | | | | | |
| Segment assets | 5,148,484 | 55,326,725 | 2,802,690 | 2,528,526 | 1,020,838 | — | 66,827,263 |
| Investments in associates | 190,959 | 1,236,956 | 2,188 | 1,329,890 | 119,115 | — | 2,879,108 |
| Unallocated assets | | | | | | | 7,302,666 |
| **Total consolidated assets (unaudited)** | | | | | | | 77,009,037 |
| **LIABILITIES** | | | | | | | |
| Segment liabilities | 685,537 | 10,528,949 | 1,512,848 | 1,110,836 | 503,873 | — | 14,342,043 |
| Unallocated liabilities | | | | | | | 45,151,566 |
| **Total consolidated liabilities (unaudited)** | | | | | | | 59,493,609 |

*Note:* The inter-segment sales were carried out with reference to market price.

A reconciliation of total adjusted profit before depreciation and amortisation, finance costs and income tax expenses, is provided as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Adjusted EBITDA for reportable segments | **4,021,558** | 2,678,721 |
| Adjusted EBITDA for other segment | **9,518** | 163,096 |
| Total segments | **4,031,076** | 2,841,817 |
| Depreciation of property, plant and equipment | **(939,997)** | (730,150) |
| Amortisation of intangible assets | **(41,272)** | (35,534) |
| Prepaid lease payments released to the consolidated income statement | **(65,328)** | (30,406) |
| Corporate items | **(58,877)** | (3,550) |
| Operating profit | **2,925,602** | 2,042,177 |
| Finance costs-net | **(1,097,293)** | (730,732) |
| Share of profit of associates | **75,283** | 13,852 |
| Profit before income tax | **1,903,592** | 1,325,297 |

## 4. INVESTMENT AND OTHER INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Other investments income | **5,974** | 4,587 |
| Changes in fair value of held-for-trading investments | **(21,804)** | 150,967 |
| Financial guarantee income | **1,580** | 4,410 |
| Government subsidies | | |
| VAT refunds *(Note a)* | **320,598** | 209,435 |
| Government grants *(Note b)* | **397,274** | 124,181 |
| Interest subsidy | **15,360** | 51 |
| Net rental income | **21,526** | 14,430 |
| Technical and other service income | **9,207** | 6,858 |
| Discount on acquisition of interests in subsidiaries | **30,847** | 157,708 |
| Claims received | **27,543** | 10,155 |
| Gain on disposal of property, plant and equipment | **4,404** | 2,350 |
| Waiver of payables | **26,944** | 44,690 |
| Others | **33,288** | 3,287 |
| | **872,741** | 733,109 |

*Notes:*

(a) The State Council of the PRC issued a "Notice Encouraging Comprehensive Utilisation of Natural Resources" (the "Notice") in 1996 to encourage and support enterprises, through incentive policies, to comprehensively utilise nature resources. Pursuant to the Notice, the Ministry of Finance and the State Administration of Taxation of the PRC enacted several regulations providing incentives in form of VAT refund for certain environmentally friendly products, including products that utilise industrial waste as part of their raw materials. Under the Notice and such regulations, the Group is entitled to receive immediate or future refund on any paid VAT with respect to any eligible products as income after it receives approvals from the relevant government authorities.

(b) Government grants are awarded to the Group by the local government agencies as incentives primarily to encourage the development of the Group and the contribution to the local economic development.

## 5. FINANCE COSTS — NET

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Interest on bank borrowings and other borrowings | | |
| — wholly repayable within five years | **1,199,204** | 895,679 |
| — not wholly repayable within five years | **65,930** | 21,600 |
| | **1,265,134** | 917,279 |
| Less: Interest capitalised to construction in progress | **116,465** | 89,533 |
| | **1,148,669** | 827,746 |
| Interest income | **(51,376)** | (97,014) |
| Finance costs — net | **1,097,293** | 730,732 |

## 6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Depreciation of property, plant and equipment and investment properties | **944,052** | 734,934 |
| Amortisation of intangible assets (including administrative expenses) | **41,272** | 35,534 |
| Prepaid lease payments released to the consolidated income statement | **65,328** | 30,406 |
| Allowance for bad and doubtful debts | **13,545** | 1,914 |
| Write-down of inventories | **3,624** | — |
| Impairment loss on property, plant and equipment | **116,524** | — |
| Staff costs | **1,112,601** | 631,021 |
| Net foreign exchange losses/(gains) | **8,724** | (5,331) |

## 7. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Current income tax | **513,645** | 272,663 |
| Deferred income tax | **(82,476)** | (46,714) |
| | **431,169** | 225,949 |

PRC income tax is calculated at 25% (2009: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rule and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

## 8. DIVIDENDS

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***RMB'000*** | *RMB'000* |
| Dividends *(Note a)* | **173,685** | 111,655 |

*Notes:*

(a) During the period, a dividend for 2009 of approximately RMB0.07 (Six months ended 30 June 2009: RMB0.045) per share, amounting to RMB173.69 million (Six months ended 30 June 2009: RMB111.66 million) was announced as the final dividend for the immediate preceding financial year end.

(b) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010.

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (unaudited) |
| Profit attributable to equity holders of the Company | **1,069,801** | 850,780 |

| | Six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| Weighted average number of ordinary shares in issue | **2,481,215,273** | 2,416,423,711 |

No diluted earnings per share have been presented as the Group did not have any dilutive potential ordinary shares outstanding during both periods.

## 10. TRADE AND OTHER RECEIVABLES

| | **30 June 2010** | 31 December 2009 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Trade receivables, net of allowance for bad and doubtful debts | **5,981,719** | 3,028,840 |
| Bills receivable | **1,702,050** | 1,154,653 |
| Amounts due from customers for contract work | **797,253** | 684,045 |
| Loans receivable | **243,814** | 420,310 |
| Other receivables, deposits and prepayments | **7,916,096** | 4,721,583 |
| | **16,640,932** | 10,009,431 |

The Group normally allowed an average of credit period of 60 to 180 days to its trade customers. Ageing analysis of trade receivables are as follows:

| | **30 June 2010** | 31 December 2009 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Trade receivables | | |
| Within two months | **3,758,780** | 1,662,385 |
| More than two months but within one year | **1,774,583** | 1,055,455 |
| Between one and two years | **308,792** | 240,850 |
| Between two and three years | **94,297** | 39,730 |
| Over three years | **45,267** | 30,420 |
| | **5,981,719** | 3,028,840 |

The carrying amounts of trade and other receivables approximate to their fair values. Bills receivable is aged within six months.

## 11. TRADE AND OTHER PAYABLES

| | **30 June 2010** | 31 December 2009 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Trade payables | **8,067,230** | 5,949,183 |
| Bills payable | **1,960,744** | 1,543,164 |
| Amounts due to customers for contract work | **44,088** | 86,423 |
| Other payables | **8,566,688** | 6,840,527 |
| | **18,638,750** | 14,419,297 |

The aged analyses of trade payables are as follows:

| | **30 June 2010** | 31 December 2009 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(unaudited)** | (audited) |
| Trade payables | | |
| Within two months | **4,731,613** | 2,993,903 |
| More than two months but within one year | **2,401,005** | 2,074,818 |
| Between one and two years | **586,492** | 699,730 |
| Between two and three years | **263,719** | 82,174 |
| Over three years | **84,401** | 98,558 |
| | **8,067,230** | 5,949,183 |

The carrying amounts of trade and other payables approximate to their fair values. Bills payable is aged within six months.

# BUSINESS REVIEW AND OUTLOOK

## BUSINESS HIGHLIGHTS

The major operating data of each segment of the Group as at 30 June 2010 and 30 June 2009 are set out below:

*CEMENT SEGMENT*

**China United**

| | For the six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| Production volume - cement *(in thousand tonnes)* | **16,772.5** | 13,055.4 |
| Production volume - clinker *(in thousand tonnes)* | **18,761.8** | 14,327.2 |
| Sales volume - cement *(in thousand tonnes)* | **17,094.6** | 12,972.8 |
| Sales volume - clinker *(in thousand tonnes)* | **9,067.2** | 6,993.0 |
| Average selling price - cement *(RMB per tonne)* | **210.7** | 223.4 |
| Average selling price - clinker *(RMB per tonne)* | **187.5** | 185.6 |

**South Cement**

| | For the six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| Production volume - cement *(in thousand tonnes)* | **29,957.7** | 18,941.9 |
| Production volume - clinker *(in thousand tonnes)* | **28,078.0** | 21,118.0 |
| Sales volume - cement *(in thousand tonnes)* | **29,840.6** | 18,830.2 |
| Sales volume - clinker *(in thousand tonnes)* | **9,842.0** | 8,491.7 |
| Average selling price - cement *(RMB per tonne)* | **219.5** | 211.2 |
| Average selling price - clinker *(RMB per tonne)* | **196.2** | 183.0 |

**North Cement**

| | For the six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| Production volume - cement *(in thousand tonnes)* | **2,214.8** | — |
| Production volume - clinker *(in thousand tonnes)* | **3,356.7** | — |
| Sales volume - cement *(in thousand tonnes)* | **2,078.8** | — |
| Sales volume - clinker *(in thousand tonnes)* | **2,193.5** | — |
| Average selling price - cement *(RMB per tonne)* | **278.9** | — |
| Average selling price - clinker *(RMB per tonne)* | **213.4** | — |

## LIGHTWEIGHT BUILDING MATERIALS SEGMENT

| | For the six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| **Gypsum boards - BNBM** | | |
| Production volume *(in million $m^2$)* | **38.6** | 36.5 |
| Sales volume *(in million $m^2$)* | **43.0** | 34.8 |
| Average unit selling price *(RMB per $m^2$)* | **6.72** | 7.17 |
| **Gypsum boards - Taishan Gypsum** | | |
| Production volume *(in million $m^2$)* | **234.0** | 161.3 |
| Sales volume *(in million $m^2$)* | **220.5** | 162.0 |
| Average unit selling price *(RMB per $m^2$)* | **5.03** | 4.98 |
| **Acoustical ceiling panels - BNBM** | | |
| Production volume *(in million $m^2$)* | **2.9** | 2.5 |
| Sales volume *(in million $m^2$)* | **2.6** | 2.3 |
| Average unit selling price *(RMB per $m^2$)* | **21.7** | 21.3 |
| **Acoustical ceiling panels - BNBM Suzhou** | | |
| Production volume *(in million $m^2$)* | **1.1** | 0.9 |
| Sales volume *(in million $m^2$)* | **1.2** | 0.8 |
| Average unit selling price *(RMB per $m^2$)* | **15.4** | 14.8 |
| **Lightweight metal frames** | | |
| Production volume *(in thousand tonnes)* | **28.2** | 13.5 |
| Sales volume *(in thousand tonnes)* | **28.2** | 14.9 |
| Average unit selling price *(RMB per tonne)* | **6,087.3** | 6,099.0 |

## GLASS FIBER AND COMPOSITE MATERIALS SEGMENT

| | For the six months ended 30 June | |
|---|---|---|
| | **2010** | 2009 |
| **Rotor blade** | | |
| Production volume *(in blades)* | **2,523** | 1,806 |
| Sales volume *(in blades)* | **2,612** | 1,644 |
| Average unit selling price *(RMB per blade)* | **378,700** | 428,471 |
| **FRP Products** | | |
| Production volume *(in thousand tonnes)* | **7.9** | 8.7 |
| Sales volume *(in thousand tonnes)* | **8.1** | 9.7 |
| Average unit selling price *(RMB per tonne)* | **22,738.0** | 20,991.0 |
| **Glass Fiber Mats** | | |
| Production volume *(in million $m^2$)* | **37.7** | 36.1 |
| Sales volume *(in million $m^2$)* | **23.0** | 32.7 |
| Average unit selling price *(RMB per $m^2$)* | **0.97** | 0.91 |

## REVIEW FOR THE FIRST HALF OF 2010

In the first half of 2010, with China's continuous efforts in the transformation and structural adjustment of economic development, China's GDP exhibited a growth of 11.1% year-on-year and the country's fixed assets investment grew by 25.0% year-on-year and real estate development investment increased by 38.1% year-on-year. The value added in the first half increased by 20.2% as compared to the same period last year as major products and industries in the building materials sector maintained a steadfast growth following the strong rebound in the second half of last year (Sources: NBSC and the Operation Bureau of the Ministry of Industry and Information Technology (工業和信息化部運行局)).

During the first half of 2010, capitalizing on China's steadily growing economy and rising demand in the building materials industry, the Group sticked to its set development strategy, stepped up its business with emphases as regards to "Four Focuses" and emphasized "substantial clients, lucrative projects and profitable orders". Further, the Group pressed ahead the establishment of core profit-generating regions and synergetic profit-generating regions, intensified and reinforced three major implementations on management integration, specialized management and management trainings, steadily fostered consolidation and restructuring and capital operation with a view to constantly expanding its production capacity and sharpening its competitive edges in the market. Furthermore, various operating indicators of production have continued to improve, demonstrating a sound and rapid development.

## CEMENT SEGMENT

*Review of the cement industry in the PRC in the first half of 2010*

Embarking on 2010, taking advantage of a series of policies promulgated by the government which facilitated the healthy development of the cement industry and stepped up the adjustment and control of the industry, the favourable merger and acquisition and restructuring in the cement industry were in full swing and industrial concentration was further accelerated. Total production volume of cement across the nation grew by 17.5% year-on-year to 848 million tonnes during the first half of 2010. Driven by investments in infrastructure construction, urbanization of villages and social welfare housing, the demand for cement was on a strong upsurge whilst economic benefits kept up its steady growth momentum. In the first half of 2010, subject to the influence of the state's macro control and certain industrial policies which capped additional production capacity, cement production industry fixed assets investment fell by 51.6 percentage points year-on-year. (Sources: Department of Industry and Information Technology, China Building Materials Industry Association and Digital Cement)

*Review of the Group's cement business in the first half of 2010*

In the first half of 2010, the Group attached great importance to the market, price, cost and expenses in the cement business segment. To take advantage of the economies of scale, the Group put great efforts in building up synergistic markets and established, enhanced and expanded the core profit-generating regions and synergetic profit-generating regions, thereby increasing its market shares. The Group continued to propel the consolidation, restructuring and technological renovation in three major strategic regions, namely Huaihai Economic Zone, Southeast Economic Zone and Northern China, which brought a total cement production capacity of 170 million tonnes to the Group. In addition, the Group executed management integration with a focus on "Three Five Management Operation Mode" to centralize management operation and further strengthened the Company's sustainable competitiveness.

For the first half of 2010, sales of cement and clinker of the Group amounted to 70,117 thousand tonnes, representing a growth of 48.3% year-on-year, of which sales of cement and clinker by China United amounted to 26,162 thousand tonnes, representing an increase of 31.0% year-on-year; sales of cement and clinker by South Cement amounted to 39,683 thousand tonnes, representing an increase of 45.3% year-on-year; sales of cement and clinker by North Cement amounted to 4,272 thousand tonnes.

**China United**

China United steadily forged ahead the consolidation and restructuring as well as technical renovation in the strategic target regions, including Shandong, Henan, Jiangsu and Inner Mongolia to boost its market share.

Meanwhile, China United proactively implemented management integration with a focus on "Three Five Management Operation Mode", which further nailed down the functions of each layer based on the principle of hierarchical management structure and established a management hierarchy where the headquarter was identified as a profit centre, the operation and management regions were positioned as management centres and its subsidiaries served as the management of cost centres. Currently, three major operating management regions have been well-established in Shandong, Huaihai and Henan. The establishment of operation management regions in Sichuan and Inner Mongolia are planned to occur in the third quarter of 2010. The presence of operation management regions not only realized China United's centralized management of marketing, procurement and production technology in every region, but also cemented a solid foundation for the consolidation and expansion of the core-profit generating regions. Functioning as a cost centre, the company's subsidiaries were primarily responsible for controlling and managing the utilization rate of production capacity, cost, quality and safety. Furthermore, China United actively pressed ahead financial integration to maximize capital efficiency and reduce the cost of capital.

Leveraging on the overall economies of scale and concentrated operation mechanism in respect of procurement, China United gained more bargaining power, effectively reduced procurement cost, and successfully improved production performance by reducing coal and power consumption and enhancing the quality of clinker as a result of strengthened management on production technology and residual heat management.

**South Cement**

South Cement pushed ahead its consolidation and restructuring as well as technical renovation on a steady course, thereby enhancing its operating efficiency and its control over regional markets and elevated its competitive edges. On the other hand, it had further improved the market synergy mechanism. As a result, a synergetic market, which was dominated by South Cement and some major players in the region, was formed in six regions including Tai Lake surrounding areas, Central and Southern Zhejiang, Shanghai, Fujian-Zhejiang-Jiangxi, Hunan and Jiangxi. Although adversely affected by factors including low season of the market during the Chinese New Year, rainy seasons in Jiangsu, Zhejiang and Shanghai and flooding disasters in Hunan and Jiangxi, South Cement managed to keep cement prices stable in the region through appropriate redeployment of its production capacity. Through enhancement of concentrated marketing management, South Cement largely expanded its market shares in various core regions including Jiaxing, Huzhou and Hangzhou, and thereby has gradually strengthened control over regional markets and increased overall profitability.

South Cement practically promoted management integration and further strengthened integrated management. Through optimizing and perfecting management structure by setting up 8 regional companies and a directly controlled company, implementing internal integration featuring concentrated marketing, integrating market layout, market development and price management and simultaneously implementing “Five Cs” management, substantial achievements were made in integrated management. Further, South Cement strengthened benchmark management, put great efforts in management improvement and technology renovation and fully implemented the “Special Program for Cost Control”, and thereby effectively facilitated technology and management improvement.

**North Cement**

While putting great efforts in establishing and improving the operation mechanism, North Cement, adhering to its established development strategy, practically pressed ahead its consolidation and restructuring and accelerated projects in progress.

**LIGHTWEIGHT BUILDING MATERIALS SEGMENT**

*Review of the lightweight building materials segment of the Group in the first half of 2010*

BNBM has further strengthened the construction of marketing channels and has been awarded various major projects by means of market segmentation, exploration of new territories, diversification of distribution channels, addition and optimizing integration of channels and establishment of strategic cooperation with major downstream conglomerates, and as a result expanded its market coverage and market share. In the first half of the year, production and sales volume of gypsum boards maintained its growth momentum with a production volume reaching 273 million square meters, representing a year-on-year increase of 37.8%; sales volume reached 264 million square meters, representing a year-on-year increase of 33.9%. Construction of the gypsum board projects of both BNBM and Taishan Gypsum was pressed ahead at a stable pace as planned.

## GLASS FIBER AND COMPOSITE MATERIALS SEGMENT

*Review of the glass fiber and composite materials industry in the PRC in the first half of 2010*

Composite materials industry

According to preliminary statistics, 378 major wind power projects have commenced construction in China in 2010. Due to increasing demand for complete set of wind power equipment and the insufficient supply of wind power components such as rotor blades to satisfy demand, the potential of market demand is huge (Source: China FRP Comprehensive Info Net).

Glass fiber industry

Stepping into 2010, as the global economy regained growth momentum and domestic economy gradually recovered, the production volume of glass fiber in China saw a steady rally. In the first half of the year, production volume of glass fiber yarn in the nation grew on a steady course to 1.25 million tonnes, registering a year-on-year growth of 21.4%. Product selling price rose significantly, export volume and amount demonstrated a growth trend, export market bottomed out gradually, industrial output increased steadily and corporate profitability improved substantially (Source: China Fiberglass Industry Association).

*Review of the Group's glass fiber and composite materials segment in the first half of 2010*

Composite materials business

In response to the increasing market competition confronting its wind rotor blades business, Zhongfu Lianzhong aggressively developed new markets and strengthened internal management. As such, its production bases in Shenyang, Baotou and Jiuquan had ramped up to their full capacities while the rotor blades business had recorded sustained growth. 2,612 units of rotor blades were sold, representing a year-on-year increase of approximately 58.9% and reflecting its position as a national leader in the rotor blades business. With the 3MW and 3.6MW rotor blades being successfully produced and design project for the technologically world-leading 5MW blades fully commenced, Zhongfu Lianzhong continued to develop new products depending on market needs. During the first half of 2010, Zhongfu Lianzhong had attracted strategic investors with a capital of approximately USD100 million, reducing its gearing ratio whilst facilitating its enterprise development.

Glass fiber business

China Fiberglass accelerated the strategic shift of focus from the overseas product market to the domestic market. In tandem with integrating and nurturing the domestic market, it had grasped the opportunity of a recovering international market to expand its international market extensively. Sales volume had grown by 64.7% over the same period in 2009 along with a sharp increase in price and profit. In an improved economy and warmed market, the Chengdu, Jiujiang and Tongxiang projects had successively commenced production to meet market demands. It had also continued with technological innovation and revamp to maintain its world-leading position in scale of production capacity and technological standards.

## ENGINEERING SERVICES SEGMENT

*Review of the Group's engineering services business segment in the first half of 2010*

During the first half of 2010, China Triumph had facilitated the development of its equipment manufacturing platform with its engineering services in the domestic engineering technology market. It had accomplished the quick transformation of the engineering technology market from conventional glass and concrete construction materials to the solar power and photoelectric display industry. Value of newly signed contracts had increased tremendously. In the overseas engineering technology market, through effective measures to ensure quality, construction period and safety, to control costs and to tighten control, cement and float glass engineering projects in various countries and regions such as Vietnam and India had made solid progress. China Triumph, in line with the state policy of industry restructuring and the strategy of developing new energy resources, accelerated research and development of high-end technology and projects such as thin-film solar power and photoelectric glass and achieved preliminary success therein.

## OUTLOOK FOR THE SECOND HALF OF 2010

In the second half of 2010, the state will continue with its positive fiscal policy and moderately easy monetary policy to maintain macroeconomic policy consistency and stability. The state will also promote economic restructuring and business shift to maintain steady and fast economic growth. Since the issue of Paper No.38 in 2009, the cement industry's investment in fixed assets had been growing at a slower rate. Into 2010, the state had launched a series of policies to further strengthen control over gross volume, restrict new capacity, phase out obsolete capacity, hasten industry restructuring and enhance energy saving and emission reduction. Recently, the release of the list of cement industry enterprises to be eliminated for reason of backward production capacity and the decision to eliminate more than 100 million obsolete capacity by the end of September by the Ministry of Industry and Information Technology also speeded up the elimination of backward production capacity in various regions of China. The implementation of these policies will improve the balance between demand and supply in the cement industry, raise concentration, facilitate industry consolidation and restructuring and further enhance the profitability of major enterprises. Meanwhile, massive infrastructure construction and accelerated construction of social welfare housing in various regions will maintain steady growth in demand for cement.

In the second half of 2010, the Group aims to follow its set development strategy to capitalize on all kinds of opportunities. It will continue with the "Four Focuses" to steadily foster consolidation and restructuring and capital operation, intensify management integration, strengthen scientific innovation and management of capital expenditure in an endeavor to meet all project targets in 2010.

### Cement Segment

To lower cost and enhance profitability, commitment is appropriated to the building-up of synergistic market and core profit regions and efforts in management integration and enhancement is to be deepened. The Group aims at tapping the opportunities for major enterprises brought about by the state policies of new capacity control and elimination of backward capacity, which will transform the mode of economic growth. Steady consolidation and restructuring as well as technical renovation of the three major strategic areas will be steadily pressed ahead to increase market share.

*China United*

China United aims to enhance its regional marketing management system to improve control over the regional market. China United will integrate regional purchase to strengthen production management, optimize technological and economic indicators and maximize overall economies of scale. China United is committed to promoting management integration and establishing an integrative management system.

*South Cement*

South Cement targets to further enhance market development and create market synergies, expand sales, raise prices for higher profitability and increase control of regional markets. South Cement aims to implement management integration and stringent cost control to enhance its competitiveness.

*North Cement*

North Cement will press ahead with consolidation and restructuring, hasten with projects under construction and expand its cement production capacity for a stronger market presence. North Cement is dedicated to enhancing management integration for a lower cost and greater efficiency.

**Lightweight Building Materials Segment**

The Group will commit fully in management integration and building marketing channels. Besides, the Group targets to accelerate its projects and site selection for a new round of gypsum board projects. The Group is to further technological innovation to bring cost down and enhance core competitiveness.

**Glass Fiber and Composite Materials Segment**

*Composite materials business*

The efforts in market development is to be strengthened and project construction of rotor blades of wind power generating units is to be conducted at a faster pace. The product mix will be optimized with localization for materials and equipments to be geared up, whilst strict control over all cost and expenditure is targeted to be applied to increase profitability. The Group will propel its design project for the 5MW rotor blades and actively push forward the construction of Zhongfu Shenying carbon fiber projects to increase production and sales volume of carbon fiber.

*Glass fiber business*

The Group is to propel internationalization and strengthen management of overseas companies. Domestic distributors will be integrated whilst product restructuring will be consolidated. The Group aims to enhance technological innovation and to promote “revenue increase, expenditure minimisation and consumption reduction” for higher profitability.

**Engineering Services Segment**

The Group looks to combine industry restructuring with industry upgrade and increase its market presence with new technologies. Leveraging on its glass engineering business, the Group seeks to optimize its cement project contracting system. In the meantime, efforts will be made to quickly expand the engineering technology market for the solar power and photoelectric display industries and to strengthen scientific innovation for core competitiveness enhancement.

## FINANCIAL REVIEW

The unaudited revenue of the Group increased by 51.7% from RMB14,081.1 million for the six months ended 30 June 2009 to RMB21,367.8 million for the six months ended 30 June 2010. Unaudited profit attributable to equity holders increased by 25.7% from RMB850.8 million for the six months ended 30 June 2009 to RMB1,069.8 million for the six months ended 30 June 2010.

## MATERIAL TRANSACTION

### Subscription of A Shares of China Fiberglass by Transferring Equity Interest in Jushi Group

On 6 April 2010, the Company and other parties (being a group of equity holders of Jushi Group holding an aggregate of 37.5% equity interest in Jushi Group) proposed to subscribe for approximately 154.25 million A shares of China Fiberglass, an associate of the Company, of which the Company proposed to subscribe for approximately 36.2 million shares, and in consideration, the Company and the other parties will transfer to China Fiberglass 11.5% and 37.5% equity interests in Jushi Group, respectively.

The transaction had not been completed as at the date of this announcement.

Details of the transaction were disclosed in the announcement dated 7 April 2010 of the Company.

## INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2010.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

For the six months ended 30 June 2010, neither the Company nor its subsidiaries purchased, sold or redeemed any securities of the Company ("securities" shall have the meaning as defined in the Listing Rules).

## CODE ON CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2010, the Board of the Company was not aware of any information which would indicate that the Company did not comply with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules of the Stock Exchange.

## AUDIT COMMITTEE

The Company has established the audit committee ("Audit Committee"). The Audit Committee of the Company comprises 3 non-executive Directors, including 2 independent non-executive Directors, with appropriate professional qualification or accounting or related financial management experience. The terms of reference adopted by the Audit Committee complied with the requirements of the Code. The principal duties of the Audit Committee include reviewing the Company's financial reporting procedures, internal control and risk management. The Audit Committee has reviewed the 2010 interim report of the Company.

## MODEL CODE

The Company has adopted a set of code of practice on terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules ("Model Code"). Having made specific enquiry with all Directors of the Company, the Company confirms that each of the Directors has complied with the required standards regarding securities transactions by Directors set out in the Model Code and Code for Securities Transactions of China National Building Material Company Limited during the Reporting Period.

## DEFINITIONS

*In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:*

| | |
|---|---|
| "BNBM" | 北新集團建材股份有限公司(Beijing New Building Material Company Limited) |
| "BNBMG" | 北新建材(集團)有限公司(Beijing New Building Material (Group) Company Limited) |
| "BNBM Suzhou" | 蘇州北新礦棉板有限公司(BNBM Suzhou Mineral Fiber Ceiling Company Limited) |
| "Board" | the board of Directors of the Company |
| "Building Materials Academy" | 中國建築材料科學研究總院(China Building Materials Academy) |
| "China Composites" | 中國複合材料集團有限公司(China Composites Group Corporation Limited) |
| "China Fiberglass" | 中國玻纖股份有限公司(China Fiberglass Company Limited) |
| "China Triumph" | 中國建材國際工程有限公司(China Triumph International Engineering Company Limited) |
| "China United" | 中國聯合水泥集團有限公司(China United Cement Group Corporation Limited) |
| "Cinda" | 中國信達資管理公司(China Cinda Asset Management Corporation) |
| "CNBM Trading" | 中建材集團進出口公司(China National Building Material Import and Export Company) |
| "Company" or "CNBM" | 中國建材股份有限公司(China National Building Material Company Limited) |

| | |
|---|---|
| "Directors" | the members of the Board of the Company |
| "Document 38" | Circular of the State Council on the Approval on Some Opinions Given by the National Development and Reform Commission and Other Departments on Containing Overcapacity and Redundant Construction in Certain Industries and Facilitating Healthy Industrial Development (《國務院批轉發展改革委等部門關於抑制部分行業產能過剩和重複建設引導產業健康發展若干意見的通知》) |
| "Domestic Shares" | the ordinary domestic share(s) of nominal value of RMB1.00 each in the registered capital of the Company which are subscribed for in RMB |
| "Four Focuses" | focus on market, management, development and culture |
| "Group" and "we" and "us" | the Company and, except where the context otherwise requires, all its subsidiaries |
| "H Shares" | the overseas listed foreign invested shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK$ |
| "Huaihai Economic Zone" | Huaihai Economic Zone is an area of approximately 178,100 square kilometers covering 20 municipalities (地級市) located in southern Shandong, northern Jiangsu, eastern Henan and northern Anhui |
| "IFRS" | International Financial Reporting Standards |
| "Jushi Group" | 巨石集團有限公司 (Jushi Group Company Limited) |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time |
| "North Cement" | 北方水泥有限公司 (North Cement Company Limited) |

| | |
|---|---|
| "North Region" | the north region of the PRC, including but not limited to Liaoning, Jilin, Heilongjiang and Inner Mongolia |
| "NSP cement" | cement produced by clinker made through the new suspension preheater dry process |
| "Parent" | 中國建築材料集團有限公司 (China National Building Material Group Corporation) |
| "Parent Group" | collectively, Parent and its subsidiaries (excluding the Group) |
| "Reporting Period" | the period from 1 January 2010 to 30 June 2010 |
| "RMB" or "Renminbi" | Renminbi yuan, the lawful currency of the PRC |
| "SFO" | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| "South Cement" | 南方水泥有限公司 (South Cement Company Limited) |
| "Southeast Economic Zone" | the southeast region of the PRC, which includes but is not limited to Shanghai, Zhejiang, Jiangsu, Jiangxi and Hunan |
| "Special Cost-saving Program" | for every tonne cement, to save 2 KWh power and 3 kg coal, and save the purchase cost by approximately RMB30 through centralized procurement |
| "State" or "PRC Government" | the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Supervisors" | the members of the supervisory committee of the Company |
| "Taishan Gypsum" | 泰山石膏股份有限公司 (Taishan Gypsum Company Limited) |

| | |
|---|---|
| "Three Five Management Operation Mode" | Five N (operation mode), i.e. integration, modelization, institutionalization, processisation and digitalisation. Five C (management mode), i.e. marketing centralisation, procurement centralisation, financial centralisation, technical centralisation and investment decision-making centralization. Five I (five key operation indices), i.e. net profit, selling price and sales volume, cost, cash flow and gearing ratio |
| "Zhongfu Lianzhong" | 連雲港中複連眾複合材料集團有限公司(Lianyungang Zhongfu Lianzhong Composite Material Group Company Limited) |
| "Zhongfu Shenying" | 中複神鷹碳纖維有限公司(Zhongfu Shenying Carbon Fiber Company Limited) |

On behalf of the Board
**China National Building Material Company Limited**
*Chairman*
**Song Zhiping**

Beijing, the PRC, 23 August 2010

*As at the date of this announcement, the executive Directors of the Company are Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Li Yimin, Mr. Peng Shou and Mr. Cui Xingtai, the non-executive Directors of the Company are Ms. Cui Lijun, Mr. Huang Anzhong and Mr. Zuo Fenggao, and the independent non-executive Directors of the Company are Mr. Zhang Renwei, Mr. Zhou Daojiong, Mr. Chi Haibin, Mr. Li Decheng and Mr. Lau Ko Yuen, Tom.*

* *For identification only*