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 2012

The Group's unaudited consolidated revenue amounted to RMB37,938.3 million for the six months ended 30 June 2012, representing an increase of approximately 9.8% over the same period of 2011.

The unaudited profit attributable to owners of the Group was RMB1,900.7 million, representing a decrease of approximately 47.3% over the same period of 2011.

Basic earnings per share was approximately RMB0.352, representing a decrease of approximately 47.3% over the same period of 2011.

The Board does not recommend the payment of an interim dividend.

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2012 prepared in accordance with the IFRS and the Group's financial position as at 30 June 2012, together with its consolidated results for the six months ended 30 June 2011 and financial position as at 31 December 2011 for comparison.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2012 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 2012

		Six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**37,938,345**	34,559,199
Cost of sales		**(29,684,232)**	(24,531,147)
Gross profit		**8,254,113**	10,028,052
Selling and distribution costs		**(1,117,074)**	(982,308)
Administrative expenses		**(2,589,096)**	(2,271,149)
Investment and other income	4	**1,460,885**	1,120,163
Finance costs — net	5	**(2,624,198)**	(1,703,308)
Share of profit of associates		**169,329**	261,902
Profit before income tax	6	**3,553,959**	6,453,352
Income tax expenses	7	**(839,899)**	(1,727,146)
Profit for the period		**2,714,060**	4,726,206
Attributable to:			
Owners of the Company		**1,900,728**	3,605,784
Non-controlling interests		**813,332**	1,120,422
		2,714,060	4,726,206
Earnings per share — basic and diluted	9	**RMB0.352**	RMB0.668

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**2,714,060**	4,726,206
Other comprehensive income/(expense):		
— Currency translation differences	**11,613**	21,991
— Changes in the fair value of available-for sale financial assets, net of tax	**(10,532)**	—
— Shares of associates' other comprehensive expense	**(97)**	—
Other comprehensive income for the period, net of tax	**984**	21,991
Total comprehensive income for the period	**2,715,044**	4,748,197
Total comprehensive income attributable to:		
Owners of the Company	**1,904,097**	3,627,104
Non-controlling interests	**810,947**	1,121,093
Total comprehensive income for the period	**2,715,044**	4,748,197

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	**30 June 2012 RMB'000 (unaudited)**	31 December 2011 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**80,551,425**	71,161,140
Prepaid lease payments		**9,098,769**	7,898,822
Investment properties		**278,575**	282,461
Goodwill		**19,771,193**	14,901,036
Intangible assets		**2,396,217**	2,147,433
Interests in associates		**5,510,595**	4,787,838
Investments		**551,916**	503,062
Deposits		**10,840,315**	6,914,437
Deferred income tax assets		**1,236,533**	906,210
		130,235,538	109,502,439
Current assets			
Inventories		**11,331,606**	9,677,220
Trade and other receivables	10	**37,011,128**	22,924,382
Investments		**130,968**	299,402
Amounts due from related parties		**3,411,753**	2,988,867
Pledged bank deposits		**3,876,565**	3,264,655
Cash and cash equivalents		**13,547,730**	9,738,253
		69,309,750	48,892,779

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

AS AT 30 JUNE 2012

	Note	**30 June 2012 RMB'000 (unaudited)**	31 December 2011 RMB'000 (audited)
Current liabilities			
Trade and other payables	11	**34,048,006**	25,800,429
Amounts due to related parties		**1,398,291**	1,286,664
Borrowings		**73,048,249**	53,117,981
Derivative financial instruments		**—**	464
Obligations under finance leases		**1,211,617**	873,537
Current income tax liabilities		**1,171,776**	2,108,342
Financial guarantee contracts due within one year		**—**	158
Dividend payable to non-controlling interests		**1,011,527**	163,112
		111,889,466	83,350,687
Net current liabilities		**(42,579,716)**	(34,457,908)
Total assets less current liabilities		**87,655,822**	75,044,531

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

AS AT 30 JUNE 2012

	Note	**30 June 2012** *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Non-current liabilities			
Borrowings		**42,179,482**	32,748,245
Deferred income		**1,027,626**	1,098,749
Obligations under finance leases		**3,355,456**	2,096,773
Financial guarantee contracts due after one year		**64,000**	64,000
Deferred income tax liabilities		**1,722,066**	1,425,602
		48,348,630	37,433,369
Net assets		**39,307,192**	37,611,162
Capital and reserves			
Share capital		**5,399,026**	5,399,026
Reserves		**21,616,617**	20,932,742
Equity attributable to			
Owners of the Company		**27,015,643**	26,331,768
Non-controlling interests		**12,291,549**	11,279,394
Total equity		**39,307,192**	37,611,162

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

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 of Hong Kong Limited (the "Stock Exchange").

The registered office and principal place of business of the Company is located at No.A-11 Sanlihe Road, Haidian district, Beijing, the PRC.

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".

This condensed consolidated interim financial statements are presented in Renminbi ("RMB"), which is the same as functional currency of the Company, unless otherwise stated.

The condensed consolidated interim financial statements has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

(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 accounting period beginning on or after 1 January 2012:

IFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets
IAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets

The adoption of these new and amended standards had no material effect on the amounts reported and disclosures set out in the condensed consolidated interim financial statements of the Group for the current or prior accounting periods.

(b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the accounting period beginning on or after 1 January 2012, and have not been adopted early by the Group:

IFRS 7 (Amendments)	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
IFRS 9	Financial Instruments[4]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive income[1]
IAS 19 (as revised in 2011)	Employee Benefits[2]
IAS 27 (as revised in 2011)	Separate Financial Statements[2]
IAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures[2]
IAS 32 (Amendments)	Presentation - Offsetting Financial Assets and Financial Liabilities[3]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]
Annual Improvements Project	Annual Improvements 2009 - 2011 Cycle[2]

The following new standards and amendments to standards and interpretations have been issued but are not effective for the accounting period beginning on or after 1 January 2012, and have not been adopted early by the Group: ***(Continued)***

[1] *Effective for annual periods beginning on or after 1 July 2012.*
[2] *Effective for annual periods beginning on or after 1 January 2013.*
[3] *Effective for annual periods beginning on or after 1 January 2014.*
[4] *Effective for annual periods beginning on or after 1 January 2015.*

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into four main operating divisions - cement, lightweight building materials, glass fiber and composite materials, and engineering services. 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 2012 and year ended 31 December 2011.

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

For the six months ended 30 June 2012

	Lightweight building materials *RMB'000*	Cement *RMB'000*	Engineering *RMB'000*	Glass fiber and composite materials *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
INCOME STATEMENT							
Revenue							
External sales	2,997,723	28,631,358	2,011,529	1,041,330	3,256,405	—	37,938,345
Inter-segment sales *(Note)*	—	—	314,487	—	120,890	(435,377)	—
	2,997,723	28,631,358	2,326,016	1,041,330	3,377,295	(435,377)	37,938,345
Adjusted EBITDA (unaudited)	562,572	7,069,062	172,112	103,056	76,025	—	7,982,827
Depreciation and amortisation	(125,619)	(1,701,990)	(26,953)	(44,724)	(12,098)	(6,369)	(1,917,753)
Unallocated other income							42,371
Unallocated other expenses							(5,727)
Unallocated administrative expenses							(92,890)
Share of profit / (loss) of associates	(244)	134,551	(334)	36,698	(1,342)	—	169,329
Finance costs — net							(2,624,198)
Profit before income tax							3,553,959
Income tax expenses							(839,899)
Profit for the period (unaudited)							2,714,060

The segment result is disclosed as EBITDA, i.e. the profit earned by each segment without allocation of depreciation and amortization, other expenses, central administration costs, net finance costs, other income, share of profit/(loss) of associates and income tax expense. 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.

Information regarding the Group's reportable segments is presented as below: *(Continued)*

As at 30 June 2012

	Lightweight building materials	Cement	Engineering	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	8,252,832	149,696,960	5,664,714	5,187,038	4,589,307	—	173,390,851
Interests in associates	192,419	3,622,941	41,283	1,606,412	47,540	—	5,510,595
Unallocated assets							20,643,842
Total consolidated assets (unaudited)							199,545,288
LIABILITIES							
Segment liabilities	953,626	27,532,728	2,699,944	1,410,489	609,019	—	33,205,806
Unallocated liabilities							127,032,290
Total consolidated liabilities (unaudited)							160,238,096

Information regarding the Group's reportable segments is presented as below: *(Continued)*

For the six months ended 30 June 2011

	Lightweight building materials	Cement	Engineering	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	2,513,684	26,438,298	2,404,157	976,324	2,226,736	—	34,559,199
Inter-segment sales *(Note)*	—	—	587,201	—	27,339	(614,540)	—
	2,513,684	26,438,298	2,991,358	976,324	2,254,075	(614,540)	34,559,199
Adjusted EBITDA (unaudited)	468,708	8,055,312	168,776	153,590	310,377	—	9,156,763
Depreciation and amortisation	(116,689)	(1,044,665)	(15,291)	(50,285)	(13,731)	288	(1,240,373)
Unallocated other income							51,300
Unallocated other expenses							(8,302)
Unallocated administrative expenses							(64,630)
Share of profit / (loss) of associates	(990)	143,826	—	108,087	10,979	—	261,902
Finance costs — net							(1,703,308)
Profit before income tax							6,453,352
Income tax expenses							(1,727,146)
Profit for the period (unaudited)							4,726,206

Information regarding the Group's reportable segments is presented as below: *(Continued)*

As at 31 December 2011

	Lightweight building materials	Cement	Engineering	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	7,564,762	115,349,936	5,519,099	5,029,393	3,945,018	—	137,408,208
Interests in associates	193,137	2,904,747	41,617	1,596,035	52,302	—	4,787,838
Unallocated assets							16,199,172
Total consolidated assets (audited)							158,395,218
LIABILITIES							
Segment liabilities	994,978	19,455,604	3,114,021	1,422,934	446,069	—	25,433,606
Unallocated liabilities							95,350,450
Total consolidated liabilities (audited)							120,784,056

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

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**7,906,802**	8,846,386
Adjusted EBITDA for other segment	**76,025**	310,377
Total segments	**7,982,827**	9,156,763
Depreciation of property, plant and equipment	**(1,708,078)**	(1,096,006)
Amortisation of intangible assets	**(110,605)**	(54,756)
Prepaid lease payments released to the condensed consolidated income statement	**(99,070)**	(89,611)
Corporate items	**(56,246)**	(21,632)
Operating profit	**6,008,828**	7,894,758
Finance costs — net	**(2,624,198)**	(1,703,308)
Share of profit of associates	**169,329**	261,902
Profit before income tax	**3,553,959**	6,453,352

4. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Other investments income	**100**	12,814
Changes in fair value of held-for-trading investments	**131,051**	205,317
Financial guarantee income	**158**	3,430
Government subsidies		
VAT refunds *(Note a)*	**611,741**	404,462
Government grants *(Note b)*	**539,819**	343,333
Interest subsidy	**2,019**	4,748
Net rental income	**22,225**	23,657
Discount on acquisition of interests in subsidiaries	**4,270**	51,842
Claims received	**7,413**	3,793
Waiver of payables	**108,771**	15,128
Others	**33,318**	51,639
	1,460,885	1,120,163

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	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank borrowings and other borrowings		
— wholly repayable within five years	**2,980,079**	1,870,338
— not wholly repayable within five years	**69,620**	56,361
	3,049,699	1,926,699
Less: Interest capitalised to construction in progress	**(149,170)**	(148,834)
	2,900,529	1,777,865
Interest income	**(276,331)**	(74,557)
Finance costs — net	**2,624,198**	1,703,308

6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment and investment properties	**1,711,994**	1,110,400
Amortisation of intangible assets	**110,605**	54,756
Prepaid lease payments released to condensed consolidated income statement	**99,070**	89,611
Allowance for bad and doubtful debts	**150,251**	188,005
Write down of inventories	**4,878**	982
Impairment loss on property, plant and equipment	**4,604**	96,848
Impairment loss on goodwill of subsidiaries	**—**	49,450
Staff costs	**2,378,366**	1,862,243
Net exchange (gain)/losses	**(8,947)**	18,874
Loss on disposal of subsidiaries	**—**	863

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax	**1,084,377**	1,697,721
Deferred income tax	**(244,478)**	29,425
	839,899	1,727,146

PRC income tax is calculated at 25% (2011: 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	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends *(Note a)*	**1,160,791**	502,109

Notes:

(a) During the period, a dividend amounting to approximately RMB1,160.79 million (Six months ended 30 June 2011: approximately RMB502.11 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 2012.

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	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**1,900,728**	3,605,784

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
Issued ordinary shares at 1 January	**5,399,026,262**	2,699,513,131
Effect of capitalisation issue	**—**	2,699,513,131
Weighted average number of ordinary shares at 30 June	**5,399,026,262**	5,399,026,262

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 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables, net of allowance for bad and doubtful debts	**11,741,644**	7,701,660
Bills receivable	**4,450,831**	5,448,855
Amounts due from customers for contract work	**762,190**	797,032
Loans receivable	**14,089**	49,893
Prepaid lease payments	**209,647**	194,434
Other receivables, deposits and prepayments	**19,832,727**	8,732,508
	37,011,128	22,924,382

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 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables		
Within two months	**5,770,590**	3,893,745
More than two months but within one year	**4,320,626**	2,647,746
Between one and two years	**1,268,498**	848,928
Between two and three years	**232,378**	238,291
Over three years	**149,552**	72,950
	11,741,644	7,701,660

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 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Trade payables	**13,173,097**	11,886,993
Bills payable	**4,478,129**	2,261,775
Provision for share appreciation rights	**5,070**	4,231
Amounts due to customers for contract work	**772,646**	34,945
Other payables	**15,619,064**	11,612,485
	34,048,006	25,800,429

The ageing analysis of trade payables are as follows:

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Trade payables		
Within two months	**6,373,546**	5,927,990
More than two months but within one year	**4,897,454**	4,704,366
Between one and two years	**1,305,732**	834,683
Between two and three years	**340,098**	188,261
Over three years	**256,267**	231,693
	13,173,097	11,886,993

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 summary of major operating data of each segment of the Group for the six months ended 30 June 2012 and 30 June 2011 is set out below:

CEMENT SEGMENT

China United

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**18,860.0**	19,429.1
Production volume-clinker *(in thousand tonnes)*	**20,490.0**	22,878.9
Sales volume-cement *(in thousand tonnes)*	**18,820.0**	19,803.8
Sales volume-clinker *(in thousand tonnes)*	**9,280.0**	10,078.6
Unit selling price-cement *(RMB per tonne)*	**271.8**	300.2
Unit selling price-clinker *(RMB per tonne)*	**249.4**	282.1

South Cement

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**32,372.8**	34,746.8
Production volume-clinker *(in thousand tonnes)*	**34,191.1**	35,405.8
Sales volume-cement *(in thousand tonnes)*	**31,948.6**	34,314.7
Sales volume-clinker *(in thousand tonnes)*	**13,573.7**	11,144.6
Unit selling price-cement *(RMB per tonne)*	**280.8**	341.8
Unit selling price-clinker *(RMB per tonne)*	**259.9**	325.9

North Cement

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**5,427.2**	4,665.3
Production volume-clinker *(in thousand tonnes)*	**6,917.3**	4,758.9
Sales volume-cement *(in thousand tonnes)*	**5,062.7**	4,676.9
Sales volume-clinker *(in thousand tonnes)*	**2,533.0**	2,150.0
Unit selling price-cement *(RMB per tonne)*	**369.4**	288.3
Unit selling price-clinker *(RMB per tonne)*	**311.7**	235.6

Binzhou Cement

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**831.5**	—
Production volume-clinker *(in thousand tonnes)*	**1,750.6**	—
Sales volume-cement *(in thousand tonnes)*	**816.2**	—
Sales volume-clinker *(in thousand tonnes)*	**620.1**	—
Unit selling price-cement *(RMB per tonne)*	**387.3**	—
Unit selling price-clinker *(RMB per tonne)*	**323.9**	—

Note: The Group acquired Binzhou Cement in July 2011.

Southwest Cement

	For the six months ended 30 June	
	2012	2011
Production volume-cement *(in thousand tonnes)*	**11,729.7**	—
Production volume-clinker *(in thousand tonnes)*	**910.0**	—
Sales volume-cement *(in thousand tonnes)*	**11,855.0**	—
Sales volume-clinker *(in thousand tonnes)*	**921.9**	—
Unit selling price-cement *(RMB per tonne)*	**247.0**	—
Unit selling price-clinker *(RMB per tonne)*	**225.0**	—

Note: The Group established Southwest Cement in December 2011.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

	For the six months ended 30 June	
	2012	2011
Gypsum boards — BNBM		
Production volume *(in million m^2)*	**63.9**	56.6
Sales volume *(in million m^2)*	**70.8**	62.1
Average unit selling price *(RMB per m^2)*	**7.13**	7.20
Gypsum boards — Taishan Gypsum		
Production volume *(in million m^2)*	**386.8**	319.8
Sales volume *(in million m^2)*	**390.6**	313.4
Average unit selling price *(RMB per m^2)*	**4.92**	5.06

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT

	For the six months ended 30 June	
	2012	2011
Rotor blade		
Production volume *(in blade)*	**1,433**	1,867
Sales volume *(in blade)*	**1,577**	1,353
Average unit selling price *(RMB per blade)*	**364,400**	380,100

REVIEW FOR THE FIRST HALF OF THE YEAR

Industry Development Summary and Business Review

In the first half of 2012, faced with the complexities and challenges of the domestic and international economic environments, the central government of China adhered to the keynote of making progress while maintaining stability, placed stabilising growth in a more important position, implemented a proactive fiscal policy and a prudent monetary policy and carried out preemptive and fine-tuning adjustments with greater efforts. Overall, the national economy remained stable and economic development experienced steady but moderate growth. Compared with the same period last year, China's GDP increased by 7.8%, the total fixed assets investment in China grew by 20.4% and real-estate development investment increased by 16.6%. Productivity in the building materials industry continued to grow but at a declining growth rate, and economic benefits declined. (Sources: the National Bureau of Statistics of China (中國國家統計局) and the Ministry of Industry and Information Technology (工業和信息化部))

Confronted with such unprecedented pressures and challenges, the Group remained confident and responded with active countermeasures. The Group closely monitored its KPI, remained committed to the business ideology of "PCP", remained committed to market competition and cooperation, price stabilisation, management improvement, cost reduction and efficiency enhancement, consolidation and restructuring as well as market expansion, thus all tasks made considerable progress and achieved notable results.

CEMENT SEGMENT

Review of the cement industry in the PRC in the first half of 2012

In the first half of 2012, the national economy experienced a slowdown while new cement production capacity continued to grow, with the national cement output reaching 990 million tonnes, up 5.5% as compared with the same period last year. However, cement price plummeted and the total profit of the cement manufacturing industry dropped by 51.4% as compared with the same period last year. As the State continued its stringent control over new production capacity, the growth in China's fixed assets investment in the cement manufacturing industry was 5.42% lower than the same period last year. (Sources: the Ministry of Industry and Information Technology and China Cement Association)

Review of the cement segment of the Group in the first half of 2012

Faced with a weak demand in the cement segment brought about by a macroeconomic slowdown, the Group responded positively to the challenges. Adhering to its development strategies and goals, the Group focused on the formation of its core profit-generating regions, and steadily and actively pushed forward consolidation and restructuring in four strategic regions, namely Huaihai, Southeast China, Northern China and Southwest China, optimised its strategic layout continuously whilst reinforcing and expanding its core profit-generating regions for greater market share. Efforts were also made to extend its industry chains by accelerating the consolidation and restructuring of its commercial concrete mixing business in these strategic regions.

The Group integrated the Culture of CNBM into practice by strengthening management integration. The Group further implemented the "Three Five Management" concept, kept a close track of its KPI and further enhanced its level of the "Five C" management, which sequentially lowered cost and enhanced efficiency. The cement segment persisted with its "PCP" business ideology, fully leveraged its influence and leadership as a large enterprise, firmly adhered to the concept of sales-driven production and price stabilisation to lead the cement industry to solid development, which, to a certain degree, curbed the regional cement prices from falling. The utilisation of the benchmark management and the counselor system further enhanced its management, evidenced by the continually improving corporate management standard and operational efficiency.

China United

China United actively strived to counteract the adverse impact of a weakened market demand by strictly adhering to the "PCP" business ideology, pursuant to which it firmly restricted production and stabilised prices. It also encouraged regional enterprises to regulate their market behaviours, preventing irrational industry competition and working collectively to maintain sound development in the cement market and keep the cement prices stable.

China United actively enhanced its management by continuing its commitment to the "Three Five Management" concept. Using improvement of lean management as a stepping point, it strictly controlled costs and expenses. Through the enforcement of the benchmark management, the quality of both its production operations and products was improved, while procurement costs were effectively reduced through bulk and centralised procurement. Also, the more strengthened centralised financial management provides strong support for the enterprise development.

China United has made steady progress in consolidation and restructuring and technology innovation projects within the regions and expanded its market share in core profit-generating regions in a bid to increase its market power and influence. On the basis of increasing its production capacity of clinkers, it stepped up efforts in restructuring grinding stations in core profit-generating regions and extending its industry chain by rapidly integrating commercial concrete mixing markets in targeted core profit-generating regions in Huaihai and Shandong.

South Cement

Adhering to the "PCP" business ideology, South Cement continued to strengthen its marketing integration and control. By leveraging its leadership as a large enterprise in the regions, it resolutely implemented the plan of suspending operations of kilns and limiting output, and strived to restrict production and stabilise prices. Hence, it alleviated the dynamics between supply and demand as new production capacity piled in the market of eastern China, which in turn to a certain extent, curbed the decline in cement prices.

South Cement actively improved its management by further implementing the "Three Five Management" concept. To this end, its efforts in marketing centralisation were further strengthened, through which a comprehensive marketing control system was established. Financial centralisation was continuously enhanced, thus effectively reducing financial costs. Materials procurement was further centralised, thus lowering the purchase prices of raw materials and fuels. Technical centralisation was reinforced, resulting in continuous improvement in the application performance of new technologies and technology indicators along with a comprehensive scheme to reduce costs and expenses and actively promote information technology.

South Cement steadily pushed forward consolidation and restructuring and technology innovation projects within the regions, integration of mining resources and logistics to optimise its strategic layout as well as the extension of the industry chain through vigorous expansion into the commercial concrete mixing business.

North Cement

In adherence to the "PCP" business ideology, North Cement shifted its business mode and persisted in rational competition, working collectively to increase the regional cement price and to increase profitability. As a result, its regions were the forerunners in terms of cement price and profitability compared with cement markets in other regions.

Based on the "Three Five Management" concept, North Cement continued its management integration by breaking down its markets by regions, enforced price standardisation, centralised management and sales by regions, greater lean management, strengthened performance benchmarking, promoted management improvement and performance improvement. Meanwhile, greater efforts were made in the cost and expense reduction scheme for the purposes of cost reduction and efficiency improvement, resulting in continuous gain in management benefits.

To further push forward consolidation and restructuring as well as technical renovation projects in strategic regions, North Cement brought more comprehensive development to the core profit-generating regions and increased its market share in these regions, thus gaining greater control over regional markets and increasing profitability as a whole. The industry chain was further extended by expediting the consolidation and restructuring of its commercial concrete mixing businesses in the core profit generating regions in Heilongjiang and Jilin which became its new profit growth areas.

Southwest Cement

Southwest Cement continued to promote consolidation and restructuring within its regions and constantly optimised its strategic layout to establish and consolidate the core profit generating regions. Following the establishment of three regional subsidiaries, namely Yunnan Southwest Cement, Guizhou Southwest Cement and Chongqing Southwest Cement, there exists eleven core profit-generating regions. At the same time, it gradually engaged in market competition and cooperation with regional enterprises to advocate a positive market competition mechanism which could effectively stimulate the recovery of cement prices.

Southwest Cement made steady progress to improve its management, strengthen its management integration and implement its benchmark management. It also strengthened technical innovation and bulk procurement for effective cost reduction.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

Review of the Group's lightweight building materials business in the first half of 2012

BNBM and Taishan Gypsum continued to enhance efforts in marketing and promotion, optimising the construction of marketing channels whilst expanding its sales ability, in adherence to the principle of "striking a balance between production and sales". In response to market changes, they actively revisited their marketing strategies by targeting "big customers, big orders and big projects", thus winning the bid to a handful of landmark projects with domestic and global significance, achieving notable improvement in both sales and revenue. Meanwhile, steady progress was made with the production capacity plan of 2 billion m^2 of gypsum board.

BNBM enforced the management enhancement in a comprehensive manner. It actively implemented the cost and expense reduction scheme, reinforced benchmark management and tightened control on project construction costs, which further lowered its costs and expenses.

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENTS

Review of the glass fibre and composite materials industry in the PRC in the first half of 2012

Composite materials industry

In the first half of 2012, the central government of China and relevant authorities promulgated the "Twelfth Five-year" industry development plan for the wind power industry and relevant technical standards of the wind power industry, with a focus on posing limits on expansion of construction scale and facilitating sustainable and solid growth of the wind power industry. The wind power industry thus entered into a stage of adjustment and transformation.

Glass fibre industry

Faced with the setback in exports of glass fibre and its product in the first half of 2012, the growth of the output of glass fibre yarns declined notably. On 31 May 2012, the Ministry of Industry and Information Technology promulgated the new "Conditions for Entry into the Glass Fiber Industry" with a view to curb redundant construction and blind expansion in the glass fibre industry and regulate the market competition order, through posing a higher entry barrier to the industry as a whole. (Sources: China Fiberglass Industry Association)

Review of the Group's glass fibre and composite materials business in the first half of 2012

Composite materials business

In response to adverse impacts resulting from national policies and the market environment, China Composites took the initiative to adjust its production and market strategies, strive to exploit the market, and secure normal production and supply in key regions by means of an appropriate production base layout. Meanwhile, it further developed a new customer base to secure its leadership in the rotor blade industry. It also expedited the launch of high-end products. Owing to such efforts, its 5MW rotor blade with a length of 62 m successfully passed the static load test and became the first 5MW rotor blade to have passed GL certification in the PRC.

Glass fibre business

China Fiberglass managed to overcome the adverse impact of the volatile global economic recovery. It accelerated adjustment to its sales portfolio to enhance the proportion of middle to high-end markets, and it also actively expanded marketing sales channels, optimised management, enhanced efficiency, reduced cost and boosted efficiency. With a view to accelerating its industry participation worldwide, it took full advantage of overseas policies and resources to enhance its global influence. It established Jushi Egypt Fiberglass Co., Ltd. and developed the project of an alkali-free glass fiber pool kiln wiredrawing production line with an annual capacity of 80,000 tonnes in Egypt.

In June 2012, Jushi Group completed the acquisition of 75% equity interests in Tongxiang Jinshi Precious Metal Equipment Co., Ltd (桐鄉金石貴金屬設備有限公司) and Tongxiang Leishi Mineral Powder Co., Ltd (桐鄉磊石微粉有限公司), respectively, which enabled the Company to better cope with market changes, stave off risks and boost its profitability, industry profile, competitiveness and strengthen its sustainability.

ENGINEERING SERVICES SEGMENT

Review of the Group's engineering services business in the first half of 2012

China Triumph captured the strategic opportunities arising from the industry move towards energy saving, environmental conservation and industrial upgrade, leveraging its new technology to exploit new markets. By developing the technology of ultra-white rolled glass (超白壓延), ultra-thin electronic glass (超薄電子玻璃) and Low-E glass, it has led to industry transformation. Meanwhile, by capitalising new technology to reform the traditional industries, it managed to reduce costs of energy consumption and significantly boosted its market competitiveness. Through strengthening integrated development, it actively initiated the development of engineering technology of new glass, new energy, new materials and new equipment, so as to forge ahead with innovations in key technologies and equipment of photovoltaic glass and residual heat power generation.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Looking into the second half of 2012, the central government of China will remain committed to making progress while maintaining stability, which serves as the keynote of its mission. It will continue to implement a proactive fiscal policy and a prudent monetary policy and place stabilising growth in a more important position, which will maintain moderate and steady growth in the national economy. Following the implementation of a series of policies relating to stabilising growth and economic restructuring, more upfront support of construction of major projects in the areas of railways, water conservation and welfare housing will be on the horizon, which is set to stimulate demand.

To address the grave situation of the building materials industry, the central government of China will continue to adopt more specific measures to accelerate industry restructuring, strictly control total capacity, establish a more comprehensive regime for the "replacement of old capacity with the same amount of capacity or with lower capacity" (完善等量或減量置換制度) so as to phase out obsolete production capacity with greater efforts. The above measures will facilitate more centralised production in the cement and other manufacturing industries and enhance their economies of scale. It will also actively encourage traditional industries to extend their industry chains, strengthen their value chains and boost resilience against risks to endeavor for a stable growth of the industry economy.

In the second half of the year, the Group will take advantage of opportunities to cope with pressures from the external environment. In strict adherence to its development strategy, it will persist with its efforts in implementing the business ideology of "PCP" by promoting market competition and cooperation as well as stabilising and bolstering prices. It will also further promote management enhancement through the "Three Five Management" concept, lean management and cost saving to achieve the enhancement of management effectiveness and cost reduction and efficiency improvement. It will remain committed to fostering consolidation and restructuring and extending the industry chain for a more comprehensive strategic layout and greater market share. It will launch capital operations in a prudent manner so as to further optimise its capital structure.

CEMENT SEGMENT

As for the cement segment, China's economic keynote of stabilising growth, restrictions on new capacity, the phase-out of obsolete capacity and other policies have presented favorable opportunities to large enterprises. Taking advantage of the above, the Group will apply the KPI into practice, continue to strengthen the utilisation of the business ideology of "PCP" by strengthening efforts in market competition and cooperation, price stabilisation and price stimulus initiatives. Moreover, it will increase efforts in management improvement by pushing ahead the "Three Five Management" concept. It will implement the cost and expense reduction scheme at all levels to reduce costs and increase efficiency. As part of its commitment to promoting highly efficient and standardised consolidation and restructuring, it will accelerate the consolidation and restructuring of Southwest Cement, whilst, with a focus on its core profit-generating regions, continuously reinforcing and facilitating consolidation and restructuring and technology renovation projects in three other strategic regions, namely Huaihai, Southeast China and Northern China. It will improve the amenities of cement grinding stations to seize the prominent position in the market and expand its market scope. Meanwhile, it will expedite the extension of its industry chain and commence systematic planning in core regions so as to further boost its competitiveness.

China United

It will stoutly implement the business ideology of "PCP" with enhanced efforts in the market competition and cooperation and promoting the rational regression of the price. It is set to advance management integration, centralised procurement to lower purchase costs whilst strengthening the lean management to improve the quality of production and operations, to reduce cost and improve efficiency and to increase profitability. Furthermore, it will steadily push forward consolidation and restructuring, technology renovation projects and the extension of its industry chain with an aim to further expand its market share in core profit-generating regions and enhance its market control.

South Cement

It will fully implement the business ideology of "PCP" in practice through sales-driven production, suspension of kiln operations and restriction of its output, as well as promotion of the rational regression of the price to boost profitability of both the industry and the enterprise. It will implement the cost and expense reduction scheme in full with an aim to reduce costs and boost efficiency whilst improving its corporate management standard. It will push ahead with the consolidation and restructuring, technology renovation and its industry chain extension in the core profit-generating regions by expediting the consolidation and restructuring of its commercial concrete mixing business, alongside the integration of the mine resources and logistics.

North Cement

It will bring the business ideology of "PCP" into full play by means of sales-driven production and price stabilisation and promotion of the rational regression of the price. It will continue to engage in "Three Five Management" mode, strengthen management fundamentals and improve operational quality to further promote procurement management, lean management, financial management, cost management and production management. Surrounding the core profit-generating regions, it will vigorously facilitate the consolidation and restructuring of its cement and commercial concrete mixing business with an aim to increase its market share.

Southwest Cement

Endeavours will be made to further foster management integration and cost reduction and cultivate the culture of lean management and production, fully promote the "Five C" management standard, especially in terms of marketing and sales, procurement and financial centralisation. Greater efforts will be made in the market competition and cooperation as well as price stabilisation, the implementation of "PCP" business ideology through capturing on the recovering market to strive for a steady price recovery. It will deepen the consolidation and restructuring to capture market share, and make large scale investment in establishing core profit-generating regions to achieve its established goals.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

It will reinforce the sales and marketing initiatives, expedite the project construction and gather pace for another round of planning and site selection for the gypsum board business, further promote its brand value and enhance market share and profitability.

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENTS

Composite materials business

Initiatives will be taken for further cost reduction, energy saving and emission reduction. It will enhance product quality and develop new products to maintain its market share. Meanwhile, the project construction will be pressed ahead. With greater investment in technology, the high-end domestic carbon fibre will be pushed forward with full efforts.

Glass fibre business

Active expansion will take place in both domestic and overseas markets while the product quality and sales will be further enhanced. Greater efforts will be made in promoting high-tech innovation to lower costs and increase efficiency. The pace of project construction in Egypt will be accelerated to further refine its global marketing and sales networks.

ENGINEERING SERVICES SEGMENT

With the strategy of targeting "big customers, big orders and big projects", it will expedite the exploration of environmental protection and energy saving markets, shifting the focus to emerging industries whilst securing and developing relationships with major overseas clients to increase its impact. It will also strengthen the capabilities of autonomous innovation and seek to achieve breakthroughs and applications of key technologies relating to new glass, new cement, new energy etc. In addition, key technologies will be continuously developed to be engineering-oriented, equipment based and up to international standards.

MATERIAL TRANSACTIONS

1. **Extension of the Validity Period of the Shareholders' Approval for the Proposed A Share Issue**

   As the proposed A share issue of the Company is under review by the CSRC and the validity period of the Shareholders' approval for the proposed A share issue will expire on 15 September 2012, the Board considered and approved on 18 July 2012 to convene a general meeting and class meetings of H Shareholders and Domestic Shareholders, for the approval of an extension of the validity period for the proposed A share issue for a further period of 12 months commencing from the date of the consideration and passing of the resolution at the second extraordinary general meeting of the Company in 2012 and the first class meetings of the Company in 2012 to be held on 10 September 2012.

   Details of the proposed extension of the validity period of the Shareholders' approval for the proposed A share issue were disclosed in the announcement of the Company dated 18 July 2012 and its circular dated 26 July 2012. As at the date of this interim results announcement, the proposed extension of the validity period for the proposed A share issue has yet to be approved by the Shareholders.

2. **Capital Contribution to North Cement**

   As at 28 June 2012, the Company entered into a capital contribution agreement with Jingang Group and Shanghai Zhentong, pursuant to which the registered capital of North Cement shall be increased from RMB1 billion to RMB4 billion. Upon completion of the capital contribution, the Company's equity interest in North Cement shall be increased from 55% to 70%, Jingang Group's equity interest in North Cement shall be reduced from 45% to 20%, whilst Shanghai Zhentong shall hold a 10% equity interest in North Cement.

Details of the capital contribution to North Cement were disclosed in the announcement of the Company dated 28 June 2012. As at the date of this interim results announcement, the paid-up capital of North Cement is RMB3.6 billion, among which RMB2.8 billion, representing 77.78% of the paid-up capital of North Cement, was paid by the Company and RMB800 million, representing 22.22% of the paid-up capital of North Cement, was paid by Jingang Group. According to the capital contribution agreement, Shanghai Zhentong shall contribute RMB500 million before 31 December 2012.

3. Acquisition of Sichuan Coal Cement, Panzhihua Coal Cement and Guangwang Machinery

Pursuant to the Non-Competition Agreement dated 28 February 2006 entered into between the Parent and the Company, the Company decided to exercise the pre-emption rights granted under the Non-Competition Agreement. As at 24 July 2012, through the Shanghai United Assets and Equity Exchange, Southwest Cement and Chongqing Southwest Cement, being subsidiaries of the Company, were granted via the Parent and BNBMG's open tender: (1) 99% equity interests in Sichuan Coal Cement held by the Parent and 1% equity interest in Sichuan Coal Cement held by BNBMG; (2) 100% equity interests in Panzhihua Coal Cement held by the Parent; (3) 100% equity interests in Guangwang Machinery held by the Parent; and (4) a loan of RMB1 billion from the Parent to Sichuan Coal Cement.

Details of the transaction were disclosed in the announcement dated on 24 July 2012. As at the date of this interim results announcement, the transactions of the acquisition of Sichuan Coal Cement, Panzhihua Coal Cement and Guangwang Machinery have not been concluded.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

For the six months ended 30 June 2012, 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).

CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2012, the Board is 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 (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (the "Code") as set out in Appendix 14 to the Listing Rules.

SPECIAL COMMITTEES OF THE BOARD

NOMINATION COMMITTEE

The Company has established a nomination committee which comprises of three Directors, including two independent non-executive Directors and one executive Director. The terms of reference adopted by the nomination committee are in line with the provisions of the Code. The nomination committee is responsible for the annual review of the structure, size and composition of the Board (in terms of techniques, knowledge and experience), providing recommendations to the Board in respect of any adjustments to be made in accordance with the Company's strategies and carry out research into the selection criteria and procedures for Directors and senior management. The nomination committee has reviewed the structure, size and composition of the Board.

REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE

The Company has established a remuneration and performance appraisal committee which comprises of three Directors, including two independent non-executive Directors and one executive Director. The terms of reference adopted by the remuneration and performance appraisal committee are in line with the provisions of the Code. The remuneration and performance appraisal committee is responsible for recommending the specific remuneration and reviewing the performance of the Directors and senior management, based on the remuneration and performance appraisal management policies and framework pertaining to Directors and senior management which have been formulated by the Board. The remuneration and performance appraisal committee has considered and approved the remuneration proposals for senior management members for 2011.

AUDIT COMMITTEE

The Company has established the audit committee. The audit committee of the Company comprises three non-executive Directors, including two 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 2011 annual report and the 2012 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 required in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code"). Having made specific enquiries with all Directors of the Company, the Company confirms that each of the Directors have 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:

"Binzhou Cement"	黑龍江省賓州水泥有限公司 (Heilongjiang Binzhou Cement Company Limited)
"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
"Board"	the board of directors of the Company
"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"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United"	中國聯合水泥集團有限公司 (China United Cement Corporation)
"Chongqing Southwest Cement"	重慶西南水泥有限公司 (Chongqing Southwest Cement Company Limited)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"CSRC"	中國證券監督管理委員會 (China Securities Regulatory Commission)

"Culture of CNBM"	the culture of CNBM with emphases on corporate emissions, core values, humanity care and quality of cadres
"Director(s)"	the director(s) of the Company
"Domestic shares"	ordinary share(s) with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"Five C"	marketing centralisation, procurement centralisation, financial centralisation, technical centralisation and investment decision-making centralisation
"Group", "we" and "us"	the Company and, except where the context otherwise requires, all its subsidiaries
"Guangwang Machinery"	四川廣旺集團建材機械有限公司 (Sichuan Guangwang Group Building Material Machinery Company Limited)
"Guizhou Southwest Cement"	貴州西南水泥有限公司 (Guizhou Southwest Cement Company Limited)
"H Share(s)"	the overseas listed foreign 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"	including (but not limited to) southern Shangdong northern Jiangsu, eastern Henan and northern Anhui
"IFRS"	International Financial Reporting Standards
"Jingang Group"	遼源金剛水泥(集團)有限公司 (Liaoyuan Jingang Cement (Group) Company Limited)
"Jushi Group"	巨石集團有限公司 (Jushi Group Company Limited)
"KPI"	Key Performance Index
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time

"Northern China"	including (but not limited to) Heilongjiang, Jilin and Liaoning
"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"Non-Competition Agreement"	the non-competition agreement dated 28 February 2006 entered into between the Company and the Parent, which is stated on pages 155 to 157 of the prospectus of the Company
"Panzhihua Coal Cement"	攀枝花攀煤水泥製品有限公司 (Panzhihua Coal Cement Products Company Limited)
"PCP"	PCP, Price-Cost-Profit
"PRC"	the People's Republic of China
"Reporting Period"	the period from 1 January 2012 to 30 June 2012
"RMB"	Renminbi yuan, the lawful currency of the PRC
"Shanghai Zhentong"	上海圳通股權投資管理有限公司 (Shanghai Zhentong Equity Investment Management Company Limited)
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both Domestic Shares and H Share
"Shareholder(s)"	holder(s) of Share(s)
"Sichuan Coal Cement"	四川川煤水泥股份有限公司 (Sichuan Coal Cement Company Limited)
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"Southeast China"	including (but not limited to) Shanghai, Zheijiang, Jiangsu, Jiangxi and Hunan
"Southwest Cement"	西南水泥有限公司(Southwest Cement Company Limited)
"Southwest China"	including (but not limited to) Sichuan, Yunnan, Guizhou and Chongqing

"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
"Taishan Gypsum"	泰山石膏股份有限公司(Taishan Gypsum Company Limited)
"Three Five Management"	Five N (operation mode), i.e. integration, modelisation, institutionalisation, processisation and digitalisation. Five C (management mode), i.e. marketing centralisation, procurement centralisation, financial centralisation, technical centralisation and investment decision-making centralisation. Five I (five key operation indices), i.e. net profit, selling price and sales volume, cost, cash flow and gearing ratio
"Yunnan Southwest Cement"	雲南西南水泥有限公司(Yunnan Southwest Cement Company Limited)

By Order of the Board
China National Building Material Company Limited
Chang Zhangli
Secretary of the Board

Beijing, the PRC
23 August 2012

As at the date of this announcement, the board of directors of the Company comprises Mr Song Zhiping, Mr Cao Jianglin, Mr Peng Shou, Mr Cui Xingtai and Mr Chang Zhangli as executive directors, Mr Guo Chaomin, Mr Huang Anzhong and Ms Cui Lijun as non-executive directors, and Mr Qiao Longde, Mr Li Decheng, Mr Ma Zhongzhi, Mr Shin Fang and Mr Wu Liansheng as independent non-executive directors.

* *For identification only*