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 2014

The Group's unaudited consolidated revenue amounted to RMB55,780.7 million for the six months ended 30 June 2014, representing an increase of approximately 10.4% over the same period of 2013.

The unaudited profit attributable to owners of the Group was RMB1,797.8 million, representing an increase of approximately 33.0% over the same period of 2013.

Basic earnings per share was approximately RMB0.333, representing an increase of approximately 33.0% over the same period of 2013.

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

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2014 prepared in accordance with the IFRS and the Group's consolidated financial position as at 30 June 2014, together with its consolidated results for the six months ended 30 June 2013 and consolidated financial position as at 31 December 2013 for comparison.

The unaudited consolidated financial information of the Group for the six months ended 30 June 2014 has 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 2014

		Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**55,780,666**	50,531,401
Cost of sales		**(40,882,926)**	(38,933,655)
Gross profit		**14,897,740**	11,597,746
Selling and distribution costs		**(3,004,119)**	(2,471,957)
Administrative expenses		**(4,428,997)**	(3,612,916)
Investment and other income	4	**1,652,608**	1,527,965
Finance costs - net	5	**(5,396,957)**	(4,318,363)
Share of profits of associates		**332,339**	142,270
Profit before income tax	6	**4,052,614**	2,864,745
Income tax expenses	7	**(1,174,161)**	(820,628)
Profit for the period		**2,878,453**	2,044,117
Profit attributable to:			
Owners of the Company		**1,797,833**	1,352,262
Non-controlling interests		**1,080,620**	691,855
		2,878,453	2,044,117
		RMB	*RMB*
Earnings per share - basic and diluted	9	**0.333**	0.250

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**2,878,453**	2,044,117
Other comprehensive income/(expense), net of tax:		
Items that may be reclassified subsequently to profit or loss		
— Currency translation differences	**12,929**	(21,912)
— Changes in the fair value of available-for-sale financial assets	**(158,549)**	(15,346)
— Shares of associates' other comprehensive expense	**(1,679)**	(2,562)
Total items that may be subsequently reclassified to profit or loss	**(147,299)**	(39,820)
Other comprehensive expense for the period, net of tax	**(147,299)**	(39,820)
Total comprehensive income for the period	**2,731,154**	2,004,297
Total comprehensive income attributable to:		
Owners of the Company	**1,647,891**	1,315,749
Non-controlling interests	**1,083,263**	688,548
Total comprehensive income for the period	**2,731,154**	2,004,297

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	**30 June 2014 RMB'000 (unaudited)**	31 December 2013 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**126,190,474**	123,486,020
Prepaid lease payments		**13,899,674**	13,612,734
Investment properties		**307,579**	312,069
Goodwill		**42,530,300**	42,310,902
Intangible assets		**4,455,943**	4,506,125
Interests in associates		**8,049,617**	7,751,123
Available-for-sale financial assets		**1,477,980**	1,388,149
Deposits		**8,870,308**	8,297,064
Deferred income tax assets		**3,077,241**	2,710,241
		208,859,116	204,374,427
Current assets			
Inventories		**16,521,815**	14,721,004
Trade and other receivables	10	**57,584,422**	52,211,189
Held-for-trading investments		**205,386**	189,897
Amounts due from related parties		**8,832,422**	8,259,238
Pledged bank deposits		**3,492,404**	2,895,511
Cash and cash equivalents		**15,054,467**	8,979,909
		101,690,916	87,256,748

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

AS AT 30 JUNE 2014

	Note	**30 June 2014** *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Current liabilities			
Trade and other payables	11	**55,549,037**	48,327,065
Amounts due to related parties		**2,078,358**	2,522,711
Borrowings - amount due within one year		**139,046,883**	113,341,816
Obligations under finance leases		**2,804,161**	2,678,785
Current income tax liabilities		**1,607,380**	2,119,409
Dividend payable to non-controlling interests		**859,953**	405,316
		201,945,772	169,395,102
Net current liabilities		**(100,254,856)**	(82,138,354)
Total assets less current liabilities		**108,604,260**	122,236,073
Non-current liabilities			
Borrowings - amount due after one year		**41,053,791**	56,866,432
Deferred income		**1,399,779**	1,398,280
Obligations under finance leases		**9,059,225**	7,980,801
Financial guarantee contracts due after one year		**57,281**	57,444
Deferred income tax liabilities		**2,257,531**	2,357,217
		53,827,607	68,660,174
Net assets		**54,776,653**	53,575,899
Capital and reserves			
Share capital		**5,399,026**	5,399,026
Reserves		**30,670,880**	29,979,397
Equity attributable to:			
Owners of the Company		**36,069,906**	35,378,423
Non-controlling interests		**18,706,747**	18,197,476
Total equity		**54,776,653**	53,575,899

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 shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of registered office and principal place of business of the Company are located at No. A-11 Sanlihe Road, Haidian District, Beijing, the PRC and 21st Floor, Tower 2, Guohai Plaza, No.17 Fuxing Road, Haidian District, Beijing, the PRC, respectively.

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 the cement, concrete, lightweight building materials, glass fiber, composite materials and engineering services businesses. Hereinafter, the Company and its subsidiaries are collectively referred to as the "Group".

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

The condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". This condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013, which has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board.

The accounting policies used in this condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

(a) New and amended standards adopted by the Group

The following new standards and amendments to IFRSs are mandatory for the first time adoption for the accounting period beginning on 1 January 2014:

IFRS 10, IFRS 12 and IAS 27 (as revised in 2011) (Amendments)	Investment Entities
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
IAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC Interpretation - 21	Levies

The adoption of the new and amended standards had no material effect on the amounts reported and disclosures set out in the condensed consolidated interim financial information 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 1 January 2014, and have not been early adopted by the Group:

IFRS 9	Financial Instruments[4]
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[2]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from contracts with customers[3]
IAS 16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[1]
IFRS (Amendments)	Annual Improvements to IFRSs 2010 - 2012 Cycle[1]
IFRS (Amendments)	Annual Improvements to IFRSs 2011 - 2013 Cycle[1]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

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 six major operating divisions during the period - cement, concrete, lightweight building materials, glass fiber and composite materials, engineering services and others. These activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Cement	–	Production and sale of cement
Concrete	–	Production and sale of concrete
Lightweight building materials	–	Production and sale of lightweight building materials
Glass fiber and composite materials	–	Production and sale of glass fiber and composite materials
Engineering services	–	Provision of engineering services to glass and cement, manufacturers and equipment procurement
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 2014 and year ended 31 December 2013.

(a) For the six months ended 30 June 2014:

The segment results for the six months ended 30 June 2014 are as follows:

Unaudited	Cement RMB'000	Concrete RMB'000	Lightweight building materials RMB'000	Glass fiber and composite materials RMB'000	Engineering services RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Revenue								
External sales	34,224,098	13,402,183	3,544,916	1,046,221	2,062,626	1,500,622	–	55,780,666
Inter-segment sales (Note)	3,436,466	–	47	–	919,899	1,067,572	(5,423,984)	–
	37,660,564	13,402,183	3,544,963	1,046,221	2,982,525	2,568,194	(5,423,984)	55,780,666
Adjusted EBITDA (unaudited)	8,821,888	2,111,547	923,178	161,805	473,730	148,686	–	12,640,834
Depreciation and amortisation	(2,673,160)	(457,336)	(164,663)	(50,995)	(64,628)	(18,469)	10,934	(3,418,317)
Unallocated other expenses								(824)
Unallocated administrative expenses								(104,461)
Share of profit/(loss) of associates	268,295	1,502	(900)	60,748	(41)	2,735	–	332,339
Finance costs - net	(3,563,957)	(924,504)	(94,440)	(34,210)	(160,248)	(85,103)	(39,062)	(4,901,524)
Unallocated finance costs - net								(495,433)
Profit before income tax								4,052,614
Income tax expenses								(1,174,161)
Profit for the period (unaudited)								2,878,453

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

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, 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.

(b) As at 30 June 2014:

The segment assets and liabilities as at 30 June 2014 are as follows:

Unaudited	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fiber and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
ASSETS								
Segment assets	197,802,012	41,534,645	10,741,613	5,948,677	9,805,759	5,534,564	–	271,367,270
Interests in associates	5,276,916	773,466	100,462	1,737,589	59,102	102,082	–	8,049,617
Unallocated assets								31,133,145
Total consolidated assets (unaudited)								310,550,032
LIABILITIES								
Segment liabilities	123,511,605	21,898,443	5,069,699	3,350,817	9,296,493	3,997,769	–	167,124,826
Unallocated liabilities								88,648,553
Total consolidated liabilities (unaudited)								255,773,379

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade creditors, borrowings, accruals and bills payable attributable to sales activities of each segment with the exception of corporate expense payables.

(c) For the six months ended 30 June 2013:

The segment results for the six months ended 30 June 2013 are as follows:

Unaudited	Cement RMB'000	Concrete RMB'000	Lightweight building materials RMB'000	Glass fiber and composite materials RMB'000	Engineering services RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Revenue								
External sales	30,704,585	10,604,024	3,236,121	833,029	2,277,163	2,876,479	—	50,531,401
Inter-segment sales (Note)	1,363,889	—	102	—	493,841	936,709	(2,794,541)	—
	32,068,474	10,604,024	3,236,223	833,029	2,771,004	3,813,188	(2,794,541)	50,531,401
Adjusted EBITDA (unaudited)	7,117,606	1,889,398	758,866	120,133	189,065	124,274	—	10,199,342
Depreciation and amortisation	(2,419,761)	(375,005)	(151,982)	(48,415)	(22,977)	(15,062)	14,306	(3,018,896)
Unallocated other expenses								(57,426)
Unallocated administrative expenses								(82,182)
Share of profit/(loss) of associates	88,010	—	(498)	46,480	(394)	8,672	—	142,270
Finance costs - net	(2,737,928)	(743,511)	(83,686)	(32,614)	(77,708)	(64,542)	—	(3,739,989)
Unallocated finance costs - net								(578,374)
Profit before income tax								2,864,745
Income tax expenses								(820,628)
Profit for the period (unaudited)								2,044,117

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

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, 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.

(d) As at 31 December 2013:

The segment assets and liabilities as at 31 December 2013 are as follows:

Audited	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fiber and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
ASSETS								
Segment assets	194,473,971	37,821,443	9,729,960	5,916,368	7,349,532	5,241,118	—	260,532,392
Interests in associates	5,757,234	31,915	103,623	1,713,933	42,625	101,793	—	7,751,123
Unallocated assets								23,347,660
Total consolidated assets (audited)								291,631,175
LIABILITIES								
Segment liabilities	150,836,165	13,968,776	4,388,287	3,537,849	7,118,424	4,863,875	—	184,713,376
Unallocated liabilities								53,341,900
Total consolidated liabilities (audited)								238,055,276

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**12,492,148**	10,075,068
Adjusted EBITDA for other segment	**148,686**	124,274
Total segments profit	**12,640,834**	10,199,342
Depreciation of property, plant and equipment	**(3,098,675)**	(2,736,525)
Amortisation of intangible assets	**(156,696)**	(138,282)
Prepaid lease payments released to the condensed consolidated income statement	**(162,946)**	(144,089)
Corporate items	**(105,285)**	(139,608)
Operating profit	**9,117,232**	7,040,838
Finance costs - net	**(5,396,957)**	(4,318,363)
Share of profit of associates	**332,339**	142,270
Profit before income tax	**4,052,614**	2,864,745

4. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Other investments income	**—**	2,293
Changes in fair value of held-for-trading investments	**(14,425)**	(78,985)
Government subsidies		
VAT refunds (Note a)	**757,689**	738,994
Government grants (Note b)	**402,744**	619,441
Interest subsidies	**12,155**	11,227
Net rental income	**38,907**	74,095
Discount on acquisition of interests in subsidiaries	**188,885**	476
Gain on disposal of other investments	**456**	11,378
Gain on disposal of associates	**—**	8,097
Claims received	**26,330**	7,445
Waiver of payables	**49,666**	3,776
Others	**190,201**	129,728
	1,652,608	1,527,965

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 natural 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	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on bank borrowings:		
— wholly repayable within five years	**4,013,415**	3,372,290
— not wholly repayable within five years	**12,039**	64,985
	4,025,454	3,437,275
Interest expenses on bonds, other borrowings and finance leases	**1,888,998**	1,347,124
Less: Interest capitalised to construction in progress	**(243,204)**	(163,115)
	5,671,248	4,621,284
Interest income:		
— interest on bank deposits	**(111,049)**	(142,546)
— interest on loans receivable	**(163,242)**	(160,375)
	(274,291)	(302,921)
Finance costs - net	**5,396,957**	4,318,363

6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**3,121,199**	2,737,257
Depreciation of investment properties	**4,490**	4,587
Amortisation of intangible assets	**156,696**	138,282
Prepaid lease payments released to condensed consolidated income statement	**162,946**	144,089
Allowance for bad and doubtful debts	**244,785**	192,373
Impairment loss on property, plant and equipment	**75**	—
Staff costs	**4,844,253**	3,967,598
Net exchange loss/(gain)	**5,283**	(23,061)

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax	**1,577,315**	1,222,038
Deferred income tax	**(403,154)**	(401,410)
	1,174,161	820,628

PRC income tax is calculated at 25% (2013: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules 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.

Taxation on profits outside the PRC has been calculated on the estimated assessable profits for the six months ended 30 June 2014 at the rates of taxation prevailing in the countries in which the Group operates.

8. DIVIDENDS

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends	**863,844**	836,849

During the period, a dividend amounting to approximately RMB863.84 million (Six months ended 30 June 2013: approximately RMB836.85 million) was announced as the final dividend for the immediate preceding financial year end.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014.

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	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**1,797,833**	1,352,262

	Six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
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 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables, net of allowance for bad and doubtful debts	**26,947,523**	23,256,628
Bills receivable	**6,043,892**	6,111,533
Amounts due from customers for contract work	**1,222,076**	1,417,922
Prepaid lease payments	**322,635**	327,077
Other receivables, deposits and prepayments	**23,048,296**	21,098,029
	57,584,422	52,211,189

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 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within two months	**10,558,707**	9,157,388
More than two months but within one year	**11,459,102**	10,190,442
Between one and two years	**4,229,691**	3,367,852
Between two and three years	**552,299**	400,834
Over three years	**147,724**	140,112
	26,947,523	23,256,628

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 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Trade payables	**19,057,294**	19,426,875
Bills payable	**12,571,752**	5,934,386
Amounts due to customers for contract work	**465,467**	26,062
Other payables	**23,454,524**	22,939,742
	55,549,037	48,327,065

The aged analyses of trade payables are as follows:

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Trade payables		
Within two months	**8,444,291**	9,019,625
More than two months but within one year	**7,249,896**	7,616,287
Between one and two years	**2,310,695**	2,040,332
Between two and three years	**646,621**	450,458
Over three years	**405,791**	300,173
	19,057,294	19,426,875

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 HEADLINES

The summary of major operating data of each segment of the Group for the six months ended 30 June 2014 and 30 June 2013 is set out below:

CEMENT SEGMENT

China United

	For the six months ended 30 June	
	2014	2013
Production volume-cement *(in thousand tonnes)*	**23,970**	22,030
Production volume-clinker *(in thousand tonnes)*	**26,210**	24,080
Sales volume-cement *(in thousand tonnes)*	**21,080**	19,542
Sales volume-clinker *(in thousand tonnes)*	**9,907**	11,040
Unit selling price-cement *(RMB per tonne)*	**261.9**	247.1
Unit selling price-clinker *(RMB per tonne)*	**236.7**	221.7
Sales volume-commercial concrete *(in thousand m^3)*	**16,734**	12,810
Unit selling price-commercial concrete *(RMB per m^3)*	**313.4**	299.1

South Cement

	For the six months ended 30 June	
	2014	2013
Production volume-cement *(in thousand tonnes)*	**43,360**	43,201
Production volume-clinker *(in thousand tonnes)*	**42,608**	40,022
Sales volume-cement *(in thousand tonnes)*	**41,464**	41,122
Sales volume-clinker *(in thousand tonnes)*	**13,579**	10,750
Unit selling price-cement *(RMB per tonne)*	**254.1**	247.5
Unit selling price-clinker *(RMB per tonne)*	**230.7**	213.4
Sales volume-commercial concrete *(in thousand m^3)*	**22,480**	21,133
Unit selling price-commercial concrete *(RMB per m^3)*	**330.1**	299.8

North Cement

	For the six months ended 30 June	
	2014	2013
Production volume-cement *(in thousand tonnes)*	**5,675**	5,325
Production volume-clinker *(in thousand tonnes)*	**7,135**	7,135
Sales volume-cement *(in thousand tonnes)*	**5,518**	5,267
Sales volume-clinker *(in thousand tonnes)*	**2,931**	2,813
Unit selling price-cement *(RMB per tonne)*	**324.6**	336.0
Unit selling price-clinker *(RMB per tonne)*	**263.4**	283.9
Sales volume-commercial concrete *(in thousand m^3)*	**575**	323
Unit selling price-commercial concrete *(RMB per m^3)*	**372.1**	389.1

Southwest Cement

	For the six months ended 30 June	
	2014	2013
Production volume-cement *(in thousand tonnes)*	**36,400**	31,498
Production volume-clinker *(in thousand tonnes)*	**28,286**	24,231
Sales volume-cement *(in thousand tonnes)*	**37,268**	30,434
Sales volume-clinker *(in thousand tonnes)*	**1,461**	2,468
Unit selling price-cement *(RMB per tonne)*	**257.4**	250.6
Unit selling price-clinker *(RMB per tonne)*	**245.5**	223.5
Sales volume-commercial concrete *(in thousand m^3)*	**669**	488
Unit selling price-commercial concrete *(RMB per m^3)*	**304.4**	290.0

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

	For the six months ended 30 June	
	2014	2013
Gypsum boards - BNBM		
Production volume *(in million m^2)*	**105.3**	87.5
Sales volume *(in million m^2)*	**109.4**	89.4
Average unit selling price *(RMB per m^2)*	**6.79**	7.04
Gypsum boards - Taishan Gypsum		
Production volume *(in million m^2)*	**539.5**	439.1
Sales volume *(in million m^2)*	**532.0**	437.4
Average unit selling price *(RMB per m^2)*	**4.63**	4.85

GLASS FIBER AND COMPOSITE MATERIALS SEGMENT

	For the six months ended 30 June	
	2014	2013
Rotor blade		
Production volume *(in blade)*	**1,646**	1,254
Sales volume *(in blade)*	**1,584**	1,174
Average unit selling price *(RMB per blade)*	**401,500**	382,300

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW

Complex and volatile situation was seen both at home and abroad in the first half of 2014 when economic development faced great challenge caused by increasing uncertain factors in economic operation. Adhering to the general tone of making progress while ensuring stability, the central government of China adopted innovative ideas and methods in macro-control with emphasis on pre-adjustment and fine-tuning appropriately and timely. With focus on certain prominent contradictions and problems, great efforts were made to facilitate economic development and structural adjustment through comprehensive and in-depth reform. The national economy showed moderate but stable growth and the structural adjustment also achieved stable progress. As compared with the same period of last year, the GDP of China increased by 7.4%, as well as investments in fixed assets, infrastructure and real estate development increased by 17.3%, 25.1% and 14.1% respectively in the first half of the year. Due to weak demand, severe overcapacity, cyclical adjustment and other factors, the production growth of major products such as cement declined significantly and the profit of the building materials industry maintained relatively rapid but with a slow growth.

2014 is a year of deep management integration for the Group. With the best effort by overcoming complicated macro-situation, severe overcapacity in the industry, slower growth in demand and tightened credit policy, the group comprehensively pushed forward "integration and optimization, profit raising and gearing reduction". Adhering to the three main lines of "price stabilization, cost reduction and receivables collection", the Group implemented the "Eight Working Methods" based on the principle of "preparation, meticulosity, refinement, solidity" to establish "Six-star Enterprise" and solidly carried out production and operation, management integration, consolidation and restructuring as well as capital operation, which laid down a foundation for achieving the target of the year. In the first half of the year, operation indicators of the Group showed stable and improving trend. The Group's sales and prices of main products increased steadily while the costs continued to decline. Both the revenue and profit of the group recorded significant growth. Compared with the same period last year, the sales volume of cement and clinker of the Group increased by 7.6% to 133.9 million tonnes, the sales volume of commercial concrete increased by 17.1% to 41.4 million m^3 and the sales volume of gypsum board increased by 21.6% to 641 million m^2. The revenue of the Group amounted to RMB55,780.7 million, representing a 10.4% increase year on year. Profit attributable to equity holders of the Group amounted to RMB1,797.8 million, representing a 33.0% increase year on year.

CEMENT SEGMENT

Review of the cement industry in the PRC in the first half of 2014

In the first half of 2014, given multiple factors including slower growth in investments in fixed assets especially the investment in real estate development in China as well as frequent rainfall, the growth in cement demand slowed down significantly. The total production of cement in China was 1.14 billion tonnes, with a year-on-year increase of 3.6%. Due to lackluster demand in the traditional peak season, cement price experienced a fall in the second quarter. However, benefited from the relatively high price level at the beginning of the year, the overall cement price of China in the first half of the year was higher than that in the same period of last year. In addition, the profit of the cement industry demonstrated a prominent improvement with coal price reaming low.

The top priority of the adjustment of industrial structure was given to solving overcapacity by the central government of China. It was proposed that no additional capacity would be introduced in the five major industries including cement and steel industries by the year of 2017. On the other hand, the government of China continued to accelerate elimination of obsolete capacity with the publication of this year's list of cement backward capacity to be phased out by MIIT, totally approximately 85 million tonnes. With the issue of Decisions of the State Council on Further Optimizing Market Environment of Merger and Restructuring of Enterprises (《國務院關於進一步優化企業兼併重組市場環境的意見》), the administrative approvals in respect of the merger and restructuring of listed companies will be streamlined and simplified by the CSRC, which will serve as an essential policy guidance on facilitating overcapacity compression and the elimination of obsolete capacity through merger and restructuring of enterprises. With the support of various policies, newly-added clinker capacity decreased by 8.0% year on year to 31.06 million tones whilst the investment in cement continued to decline and recorded a decrease of 12.2% year on year in the first half of the year. (Sources: NBS, MIIT, State Council, CSRC and Cement Association of China (中國水泥協會))

Review of the cement segment of the Group in the first half of 2014

The cement segment of the Group proactively coped with the challenge posed by the slower growth in cement demand and the severe overcapacity by comprehensively carrying out deep management integration and actively implementing the "Eight Working Methods", in a bid to improve quality and increase efficiency. In adherence to the business ideology of "PCP", the Group conducted marketing by fully leveraging its advantages of economic scales and the core profit-generating regions and insisted on sales-driven production to facilitate the sound development of the market. The cost and expense saving plan was comprehensively implemented while the "Five C" management, lean production and delicacy management continued to be promoted to realize cost reduction and profit raising. Besides, the Group continued to carry forward with integration of organization structure and the concept of "Three Formulations" pursuant to the principle of "simplified organization and capable personnel" to promote management consolidation in small regions. On the other hand, the Group strengthened its efforts on receivables collection to improve the quality of payment collection and strengthened inventory management to improve efficiency in capital using. The Group optimized the construction of the core profit-generating regions and also actively developed new models for consolidation and restructuring to increase market shares and control through the cooperation models of equity participation and leasehold.

China United

Confronted with the regional overcapacity, China United insisted on the business ideology of "PCP", put marketing as the primary task of production and operation, promoted deep integration of market resources and refined the structure of sales, so as to raise prices steadily. China United also enhanced the market synergy between the cement business and the commercial concrete business to extend the industrial chain and improve the comprehensive profitability of enterprises.

China United further conducted deep management integration and promoted the “Three Five” management. Through closely monitoring the KPI and cost reduction plan, it strengthened benchmarking to reduce the energy consumption index to the utmost extent and enhance operational efficiency effectively. It improved operation synergy between the cement and the commercial concrete business through optimizing production procedures to reduce cost and save expenses. Utilizing the advantage of economic scale, China United strengthened centralized bidding procurement of coal and other materials and further controlled the inventory of raw materials, which reduced procurement cost continuously. It carried forward informatization of finance and improved standard of centralized control. It also put more efforts on the management of receivables as part of the efforts on preventing marketing risks.

China United optimized construction of the core profit-generating regions continuously. Through equity participating and other ways of restructuring, it enhanced the strategic cooperation with big enterprises in the core regions, to improve market control and discourse power.

South Cement

Notwithstanding the declined growth in real estate investment, long rainy season and concentrated commissioning of new production capacity in certain regions, South Cement firmly implemented the business ideology of “PCP”, strengthened marketing, arranged production reasonably and controlled product inventory effectively, resulting in a year-on-year increase of product price. It also promoted market consolidation, intensified developing core market and major projects market, in a bid to stabilize market shares.

South Cement conducted management integration comprehensively by promoting management mergers of member enterprises to streamline management levels and reduce management members, which resulted in a decline in labor costs and an improvement in labor productivity. It accelerated the organizational and regional integration of commercial concrete business and strengthened centralized management of key business. Leveraging on lean production and delicacy management, it was able to deepen benchmark management and optimize energy consumption index. Relying on the strength of centralized procurement, it lowered purchase prices effectively. It further carried out informationization in a bid to deepen finance and business centralization. Meanwhile, it strengthened receivables management to prevent marketing risk.

South Cement steadily promoted consolidation and restructuring and project construction to optimize industrial layout. It also accelerated consolidation of mines and logistics, which brought about the benefits of resource integration gradually and improved the sustainable development of enterprises.

North Cement

Confronted with the challenges of weak demand resulted from the big slump of the fixed asset investment in the region, North Cement firmly adhered to the "PCP" business ideology, actively propagated and promoted staggering peak production to protect the healthy development of the regional market. It enhanced marketing and adjusted its sales strategies based on the market. North Cement also provided good sales service of the key projects, proactively maintained and expanded its customer base to consolidate its market shares.

North Cement promoted deep management integration comprehensively. In adherence to the principle of "simplified organization and capable personnel", its competitive advantages have gradually emerged through integrating and optimizing its regional markets to increase operational efficiency and sales centralization. Through implementation of the "Five C" management, North Cement deepened its standard benchmark optimization and the counselor system. It intensified centralized management of technology and equipments and promoted delicacy management and lean production, which effectively increased running efficiency of equipments and reduced energy consumption standard as well as production costs. In addition, it optimized construction of centralized procurement system and decreased coal procurement costs through its cooperation with large coal enterprises. North Cement also reinforced centralized management of capital and financing to improve efficiency of capital operation, which also provide the guarantee of operation and development.

North Cement promoted the lease of grinding stations to realize the match of the kilns and grinding stations in the core profit-generating regions. Thus, it effectively expanded the industrial chain and improved the profitability through the reasonable allocation of cement kilns, grinding stations and commercial concrete.

Southwest Cement

Confronted with the adverse situations of severe overcapacity and heavy rainfall weather, Southwest Cement adhered to the "PCP" business ideology and enhanced marketing by strengthening channel construction and optimizing sales structure. Therefore, both of its sales and price witnessed improvement with the increasing market shares and bargaining power.

Southwest Cement promoted deep management integration. Adhering to the principle of “simplified organization and capable personnel”, it proceeded with the “three-to-two” regional integration. This involved the combination of the original north and south Sichuan operation centers into Sichuan Southwest Cement and redistributing management of certain enterprises from the original north Sichuan operation center to Chongqing Southwest Cement, by which it developed the effect of collaborative management. The continuing efforts on optimizing the work of “Three Formulations” to improve operation efficiency. Moreover, it intensified centralized procurement through establishment of the strategic cooperation relationship with large suppliers to reduce procurement prices of raw materials. Through the counselor system and benchmark management, it also deeply carried out lean production and delicacy management, strengthened technology upgrade and implemented the incentive mechanism of cost reduction and profit raising, in a bid to lower production cost. It increased efficiency of capital use significantly by virtue of intensification of capital centralized management and cash flow management, which resulted in an effective control of account receivables proportion.

In accordance with the principle of optimization of the core profit-generating regions, Southwest Cement steadily proceeded with consolidation and restructuring and project construction.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

Review of the Group’s lightweight building materials business in the first half of 2014

BNBM insisted on implementing its strategy of “focusing on regions, focusing on market” and the “PCP” business ideology to realize the steady growth in sales in Dragon and Taishan Gypsum board, which made continuously increase in profitability of enterprises.

BNBM insists on the strategy of seizing the prominent position and makes increasing efforts on marketing to continuously intensify branding construction and technological innovation. Through the new media marketing, the regional influence of the product of company was enhanced. It also deepened the channel develpoment and enriched its product strategies to continuously expand its market shares in the engineering project regions, which could further strengthen its leading position in the industry.

Through promoting deep management integration, BNBM transformed the departments into full regional companies with products and full businesses to establish the core competitiveness. Moreover, it made great endeavors to management enhancement and benchmarking optimization management to realize reduction in expenses, consumption and costs.

GLASS FIBER AND COMPOSITE MATERIALS SEGMENTS

Review of the Group's composite materials business in the first half of 2014

Seizing the favorable opportunities of gradual market recovery in the wind power industry after adjustment, China Composites conducted reasonable resources allocation and put great efforts on launching high-end products. In addition, it accelerated the development of new customer base and strived to exploit the international market to secure its leading position in the industry. Through promoting the development of new energy, new material and other advantageous industries, China Composites enhanced technology development to facilitate transformation and upgrading of enterprises. The carbon fiber project received capital support of state-owned funds and is proceeding in an orderly way at present. China Composites also intensified management improvement, which effectively reduced all kinds of expenses.

Review of the Group's glass fiber business in the first half of 2014

Leveraging on the trend of industry recovery after adjustment, China Fiberglass reinforced structural adjustment and promoted resource integration. It devoted greater efforts to innovating products, increasing technical innovation level and implementing energy saving and emission reduction to realize green production Furthermore, it endeavors to develop new markets, new customers and new domains, and continued to carry out the "methods of increasing, saving and reducing" in order to reduce costs.

It steadily implemented the "going out" strategy. The project of an alkali-free glass fiber pool kiln wiredrawing production line with an annual capacity of 80,000 tonnes in Egypt successfully reached the expected production target and standard, which opened a new era of construction of the overseas large production line of China Fiberglass.

ENGINEERING SERVICES SEGMENT

Review of the Group's engineering services business in the first half of 2014

With focus on the core businesses such as "glass, cement and new energy", China Triumph made continuous effort to achieve "sophistication, elaboration and powerfulness" while continuously improving the added value of engineering services by extending industrial chain step by step and actively broadening new businesses for "civil architecture and information services". It also make greater efforts on the research and development of new technology and product and further implemented the "going out" strategy to facilitate the adjustment, transformation and upgrading of industrial structure. In order to promote the green industry, nitrogen oxide emission reduction and residual heat electricity generation were vigorously innovated, developed and used. China Triumph also filled in gaps in high-end dry desulfurization and semi-dry desulfurization. In addition, deep management integration was strengthened when profitability of enterprises was improved through reform and innovation and cost control.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Looking into the second half of 2014, due to the adjustment period of real estate market, domestic economic growth is still under downward pressure while basic material industry faces great challenges. In adherence to the general tone of making progress while ensuring stability, the central government of China will strictly follow the basic idea of stable macro policy, flexible micro policy and social policy with focus on lower class. It will maintain continuity and stability of macro policy, adopt innovative ideas and method in macro-control with pre-adjustment and fine tuning appropriately and timely and more attention on directional adjustment and control. These will help to consolidate the stable and good momentum of economy and ensure the continuous and sound development of economy and society. On one hand, as the "micro stimulation" measures such as quantitative easing and reducing social financing cost were further taken, greater support will be made by the government of China on the construction of key projects including railways, highways, water conservancy and shantytowns innovation. In addition, the second half of the year will usher the traditional peak season of the building materials industry, which will drive up the market demand. On the other hand, based on the rigorous control over capacity expansion, the central government of China will promulgate a series of policies and measures in relation to obsoleteness of low grade cement and promotion of merger and restructuring, which will ease the overcapacity to certain extent and further improve the relation between supply and demand in the building materials industry.

Pursuant to the working thought of "integration and optimization, profit raising and gearing reduction'', the Group will adhere to the principle of "increase in inventory and improvement in increment", continuously focus on "price stabilization, cost reduction and receivables collection", implement the "Eight Working Methods" and carry out operation and deep management integration with an aim of being a "Six-star Enterprise". The Group will solidly proceed with capital operation to optimize debt structure and lower gearing ratio while steadily carrying forward consolidation and restructuring and project construction to optimize the industrial layout.

CEMENT SEGMENT

Insisting on the "PCP" business ideology, the cement segment of the Group will enhance marketing to achieve both increase in sales volume and price. With continuous progress in deep management integration, it will implement benchmark optimization, carry out the cost and expense saving plan comprehensively, strengthen lean production and delicacy management, improve the "Five C", and optimize the organizational structure and personnel allocation to achieve cost reduction and profit raising. Receivables management and inventory of raw materials will be intensified to effectively prevent and control risks. With focus on optimization of core profit-generating regions, new models of restructuring such as exchange, joint venture and leasehold will be proactively developed to consolidate market shares.

China United

China United will insist on the "PCP" business ideology, enhance marketing and improve the conformance of coordination between production and sales. Deep management integration will be carried out comprehensively while improving the "Five C" management. It will also promote the implementation of counselor system and further conduct "simplified organization and capable personnel". Great efforts will be made on facilitating the application of advanced technology while energy consumption and expenses will be under strict control with increased efforts on centralized procurement, so as to achieve cost reduction and profit growth by leveraging scale advantage. The capability of receivables recovery will be reinforced to guard against marketing risks. Emphasis will be laid on optimizing the core profit-generating regions and enhancing the market synergy between the cement, aggregate and commercial concrete business.

South Cement

South Cement will persistently enhance “marketing, deep management integration and construction of core profit-generating regions, and firmly implement the business ideology of “PCP” through arranging enterprises to carry out production in an orderly manner based on market demand and situation of competition and cooperation. Meanwhile, it will accelerate integration of organizational structure and commercial concrete business and innovate the operating mechanism to prevent receivables risk. It will also deepen lean production and delicacy management for technology upgrade, enhance procurement centralization and finance centralization, improve evaluation and management of performance and implement the cost and expense saving plan. With the focus on the core profit-generating regions, it will proceed with layout optimization, project construction, consolidation of mines and logistics and construction of aggregate bases in order to improve its competitiveness.

North Cement

North Cement will firmly implement the business ideology of “PCP” through reinforcing marketing, stabilizing and improving market shares. It will strengthen “Five C” management, and consistently optimize centralized procurement and materials management to reduce procurement costs of raw materials and fuel. In addition, North Cement will deeply promote the activities of cost saving and consumption reduction, improve production, operation and techniques, promote applications of energy-saving and emission reduction technologies, and enhance efficiency of the use of resources in the enterprise. Moreover, it will reinforce the management of receivables. Based on the clinker production lines, North Cement will optimize reasonable arrangement of kilns, grinding stations and commercial concrete in the core profit-generating regions to improve the profitability of enterprises.

Southwest Cement

Southwest Cement will firmly implement the business ideology of “PCP” to promote the healthy development in the regional market and reinforce management of sales foundations and management of channels to increase market shares. It will further optimize organizational structures and staff to improve efficiency of production and management. By taking advantages of centralized procurement, it will actively introduce supply channels to reduce supply levels and procurement price of raw materials and fuel. In addition, it will intensify technology upgrade to reduce production cost. Meanwhile, it will continue to strictly manage and monitor receivables and strengthen the management of inventory and supply chains for the purpose of realizing the reasonable use of capital. Southwest Cement will proceed with consolidation and restructuring and project construction in the core profit-generating regions.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

Focusing on the market and strengthening marketing development, BNBM will push forward delicacy management, management integration and enhancement and will also carry out technological innovation comprehensively. Through reinforcing the development of the brand, the brand value, profitability and the core competitiveness will be further improved.

GLASS FIBER AND COMPOSITE MATERIALS SEGMENTS

Composite materials business

With the support of the idea of "technological improvement and technological innovation", China Composites will strengthen the main business by actively exploring the related market of carbon fiber downstream products, accelerate the development of predominant industries including new energy and new materials and promote adjustment of products structure and upgrading of industries. Meanwhile, it will also strengthen technological competitiveness of enterprises by continuously optimizing technological innovative system.

Glass fiber business

With the opportunity arisen from the gradual recovery of market demand and the furnace's cold repairing period, China Fiberglass will adjust the structure, proactively promoted high-end products, and continuously advance technological innovation and strengthen research and development of products. Meanwhile, it will concentrate on the expansion of new markets, new customers and new business scopes, and make efforts to achieve management efficiency improvement, cost reduction, quantity control and profit raising to enhance competitiveness of enterprises.

ENGINEERING SERVICES SEGMENT

China Triumph will focus more on operation of overseas market, persistently innovate business model and proactively expand new business scope. Setting the target of seizing the prominent position of the industry, it will also enhance efforts on innovation, which, together with innovative models, create a new edge of core competitiveness. Meanwhile, it will continuously promote management integration, strengthen financial centralization and procurement centralization, which will increase management efficiency, reduce cost, and achieve economies of scale.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2014.

MATERIAL TRANSACTIONS

The Company did not have any material transactions during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

For the six months ended 30 June 2014, 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 2014, the Board is not aware of any information which would indicate that the Company did not comply with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

SPECIAL COMMITTEES UNDER THE BOARD

THE STRATEGIC STEERING COMMITTEE

The Company has established a strategic steering committee which comprises three Directors, including two executive Directors and one independent non-executive Director. The strategic steering committee is responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organisation development proposals, major investing and financing plans and other material matters that will affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investing plans under the authorisation of the Board; and making recommendations to the Board. As at the date of this announcement, the strategic steering committee has reviewed the duties and procedures of the strategic steering committee, the operation of the Company in 2013 and proposals relating to the working arrangement in 2014.

NOMINATION COMMITTEE

The Company has established a nomination committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the nomination committee are in compliance with the provisions of the Code. The nomination committee is responsible for, among other things, directed by the board diversity policy, 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 examining the selection criteria and procedures for, and reviewing on the qualifications and conditions of Directors and senior management. As at the date of this announcement, the nomination committee has reviewed the structure, size and composition of the Board and the special committees as well as the independence of the independent non-executive Directors, and has reviewed the re-election of certain Directors of the Company, the appointment of vice-president of the Company and the delegation of directors to subsidiary companies.

REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE

The Company has established a remuneration and performance appraisal committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the remuneration and performance appraisal committee are in compliance 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. As at the date of this announcement, the remuneration and performance appraisal committee has considered the re-election of the chairman of the remuneration and performance appraisal committee and the remuneration for senior management for 2013.

AUDIT COMMITTEE

The Company has established the audit committee which comprises three Directors, including one non-executive Director and 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 are in compliance with the provisions of the Code. The principal duties of the audit committee include reviewing the Company's external auditors of the Company and their work, the Company's financial reporting procedures, internal control and risk management, and formulating and reviewing the corporate governance policy and its practice and disclosure. As at the date of this announcement, the audit committee has reviewed the internal audit work in 2013, the working plan and its practice in 2014, the appointment of auditors in 2014, determination of the expense on audit in 2013, 2013 annual report and the 2014 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 all 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:

"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
"BNBMG"	北新建材集團有限公司 (Beijing New Building Materials Group Company Limited)
"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 Co., Ltd.)
"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)
"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)
"Director(s)"	the director(s) of the Company

"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"Eight Working Methods"	"Five C", KPI management, zero inventory, "PCP", benchmark management and optimization, counselor system, core profit-generating regions and market competition and cooperation
"Five C"	marketing centralization, procurement centralization, financial centralization, technical centralization and investment decision-making centralization
"GDP"	gross domestic product
"Group", "we" and "us"	the Company and, except where the context otherwise requires, all its subsidiaries
"H Share(s)"	the overseas listed foreign shares with a 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$
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
"IFRS"	International Financial Reporting Standards
"methods of increasing, saving and reducing"	increasing revenue, saving cost and reducing energy consumption
"KPI"	Key performance index
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"MIIT"	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People's Republic of China)

"NBS"	中國國家統計局 (National Bureau of Statistics of China)
"NDRC"	中華人民共和國國家發展和改革委員會 (National Development and Reform Commission of the People's Republic of China)
"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"Parent"	中國建築材料集團有限公司 (China National Building Materials Group Corporation)
"Parent Group"	collectively, Parent and its subsidiaries (excluding the Group)
"PCP"	PCP, Price-Cost-Profit
"PRC"	the People's Republic of China
"Reporting Period"	the period from 1 January 2014 to 30 June 2014
"RMB"or "Renminbi"	Renminbiyuan, the lawful currency of the PRC
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of Share(s)
"Six-star Enterprise"	enterprise with desirable operating result, delicacy management, leading environmental protection, well-known brand, advanced simplicity, safety and stability
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"Southwest Cement"	西南水泥有限公司 (Southwest Cement Company Limited)

“State”, “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
“Three Formulations”	Formulation of functions, formulation of structure and formulation of staffing
“preparation, meticulosity, refinement, solidity”	making deployment of operation in advance, implementing plans and accomplishing goals as early as possible; further refining objectives and measures, and formulating specific strategies based on the markets and features; advancing management enhancement, meticulous organisation and delicacy management to improve quality and profitability; working solidly with sound dedication to enhance the basis for development and strengthen foundation

By Order of the Board
China National Building Material Company Limited
Song Zhiping
Chairman of the Board

Beijing, the PRC
22 August 2014

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*