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 2015

The Group's unaudited consolidated revenue amounted to RMB48,339 million for the six months ended 30 June 2015, representing a decrease of approximately 13.3% over the same period of 2014.

The unaudited profit attributable to owners of the Group was RMB792 million, representing a decrease of approximately 56.0% over the same period of 2014.

Basic earnings per share was approximately RMB0.147, representing a decrease of approximately 56.0% over the same period of 2014.

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

The Board of the Company announces the unaudited consolidated results of the Group for the six months ended 30 June 2015 prepared in accordance with the IFRS and the Group's consolidated financial position as at 30 June 2015, together with its consolidated results for the six months ended 30 June 2014 and consolidated financial position as at 31 December 2014 for comparison.

The unaudited consolidated financial information of the Group for the six months ended 30 June 2015 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 2015

	Note	Six months ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Revenue	3	**48,339,127**	55,780,666
Cost of sales		**(36,450,611)**	(40,882,926)
Gross profit		**11,888,516**	14,897,740
Investment and other income	4	**3,694,121**	1,652,608
Selling and distribution costs		**(3,165,117)**	(3,004,119)
Administrative expenses		**(4,711,645)**	(4,428,997)
Finance costs – net	5	**(5,251,922)**	(5,396,957)
Share of profits of associates		**95,714**	332,339
Profit before income tax	6	**2,549,667**	4,052,614
Income tax expense	7	**(982,443)**	(1,174,161)
Profit for the period		**1,567,224**	2,878,453
Profit attributable to:			
Owners of the Company		**791,604**	1,797,833
Holders of perpetual capital instruments		**142,272**	–
Non-controlling interests		**633,348**	1,080,620
		1,567,224	2,878,453
		RMB	*RMB*
Earnings per share – basic and diluted	9	**0.147**	0.333

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**1,567,224**	2,878,453
Other comprehensive income/(expense), net of tax:		
Items that may be reclassified subsequently to profit or loss		
– Currency translation differences	**(16,992)**	12,929
– Changes in the fair value of available-for-sale financial assets	**91,138**	(158,549)
– Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	**(11,925)**	–
– Shares of associates' other comprehensive income/(expense)	**35,010**	(1,679)
Other comprehensive income/(expense) for the period, net of tax	**97,231**	(147,299)
Total comprehensive income for the period	**1,664,455**	2,731,154
Total comprehensive income attributable to:		
Owners of the Company	**882,874**	1,647,891
Holders of perpetual capital instruments	**142,272**	–
Non-controlling interests	**639,309**	1,083,263
Total comprehensive income for the period	**1,664,455**	2,731,154

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	**30 June 2015** *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**127,696,133**	126,019,321
Prepaid lease payments		**14,281,065**	14,107,910
Investment properties		**295,945**	300,472
Goodwill		**44,625,516**	42,847,327
Intangible assets		**5,748,206**	5,336,403
Interests in associates		**10,394,530**	10,032,548
Available-for-sale financial assets		**1,893,536**	1,301,689
Deposits		**7,177,611**	6,584,989
Deferred income tax assets		**3,320,147**	3,251,399
		215,432,689	209,782,058
Current assets			
Inventories		**16,567,907**	16,663,437
Trade and other receivables	10	**68,605,829**	60,972,479
Financial assets at fair value through profit or loss		**4,072,533**	1,978,704
Amounts due from related parties		**7,411,473**	11,090,427
Pledged bank deposits		**7,702,515**	5,704,068
Cash and cash equivalents		**17,990,295**	10,290,653
		122,350,552	106,699,768

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2015

	Note	**30 June 2015**	31 December 2014
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Current liabilities			
Trade and other payables	11	**52,569,357**	51,271,781
Amounts due to related parties		**8,077,964**	1,713,831
Borrowings – amount due within one year		**158,149,218**	139,292,634
Obligations under finance leases		**3,410,399**	4,490,609
Current income tax liabilities		**1,244,869**	1,913,310
Dividend payable to non-controlling interests		**745,161**	441,789
		224,196,968	199,123,954
Net current liabilities		**(101,846,416)**	(92,424,186)
Total assets less current liabilities		**113,586,273**	117,357,872
Non-current liabilities			
Borrowings – amount due after one year		**31,940,390**	37,731,114
Deferred income		**1,156,289**	1,222,202
Obligations under finance leases		**11,164,784**	9,142,563
Financial guarantee contracts due after one year		**56,981**	56,981
Deferred income tax liabilities		**2,233,959**	2,227,781
		46,552,403	50,380,641
Net assets		**67,033,870**	66,977,231

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2015

	Note	30 June 2015 *RMB'000* (unaudited)	31 December 2014 *RMB'000* (audited)
Capital and reserves			
Share capital		**5,399,026**	5,399,026
Reserves		**35,163,967**	35,173,875
Equity attributable to:			
Owners of the Company		**40,562,993**	40,572,901
Perpetual capital instruments		**5,142,397**	5,000,125
Non-controlling interests		**21,328,480**	21,404,205
Total equity		**67,033,870**	66,977,231

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 Tower 2 (Building B) Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC and 21st Floor, Tower 2, Guohai Plaza, No. 17 Fuxing 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 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 2015 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 in compliance 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 2014, 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 2014.

(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 2015:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

The adoption of the above amended standards had no material impact 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 2015, and have not been early adopted by the Group:

IFRS 9	Financial Instruments[3]
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
IFRS 14	Regulatory Deferral Accounts[1]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
IAS 1 (Amendments)	Disclosure Initiative[1]
IAS16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
IAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]
IAS16 and IAS 41 (Amendments)	Agriculture: Bearer Plant[1]
IFRSs (Amendments)	Annual Improvements to IFRSs 2012–2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The Group is in the process of making an assessment of what impact of these amendments and new standards would be in the period of initial application but not yet in a position to state whether these amendments, new or revised standards and interpretations would have 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 2015 and year ended 31 December 2014.

(a) For the six months ended 30 June 2015:

The segment results for the six months ended 30 June 2015 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	28,800,111	10,544,662	3,393,047	1,504,198	2,753,203	1,343,906	–	48,339,127
Inter-segment sales *(Note)*	963,211	41	–	–	366,425	347,434	(1,677,111)	–
	29,763,322	10,544,703	3,393,047	1,504,198	3,119,628	1,691,340	(1,677,111)	48,339,127
Adjusted EBITDA (unaudited)	7,992,220	1,873,168	871,759	238,845	521,585	55,837	–	11,553,414
Depreciation and amortisation	(3,040,531)	(457,685)	(191,880)	(41,756)	(61,415)	(36,134)	19,532	(3,809,869)
Unallocated other income								66,557
Unallocated administrative expenses								(104,227)
Share of profit/(loss) of associates	32,108	–	775	(15,300)	(1,398)	79,529	–	95,714
Finance costs – net	(3,804,915)	(880,107)	(68,544)	(19,804)	(152,187)	(80,419)	–	(5,005,976)
Unallocated finance costs – net								(245,946)
Profit before income tax								2,549,667
Income tax expense								(982,443)
Profit for the period (unaudited)								1,567,224

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 income, 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 2015:

The segment assets and liabilities as at 30 June 2015 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	**208,276,561**	**47,714,527**	**12,063,053**	**5,300,987**	**11,591,406**	**6,130,934**	**–**	**291,077,468**
Interests in associates	**6,498,656**	**–**	**104,280**	**3,190,139**	**32,521**	**568,934**	**–**	**10,394,530**
Unallocated assets								**36,311,243**
Total consolidated assets (unaudited)								**337,783,241**
LIABILITIES								
Segment liabilities	**162,493,039**	**16,989,649**	**4,924,753**	**3,145,713**	**12,309,680**	**6,552,784**	**–**	**206,415,618**
Unallocated liabilities								**64,333,753**
Total consolidated liabilities (unaudited)								**270,749,371**

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 and borrowings with the exception of corporate expense payables.

(c) 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 expense								(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.

(d) As at 31 December 2014:

The segment assets and liabilities as at 31 December 2014 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	213,167,510	32,898,822	11,037,659	5,220,056	10,601,787	5,321,491	–	278,247,325
Interests in associates	6,445,759	–	106,519	3,207,298	32,633	240,339	–	10,032,548
Unallocated assets								28,201,953
Total consolidated assets								316,481,826
LIABILITIES								
Segment liabilities	129,883,194	45,890,016	4,391,092	3,158,478	10,956,936	4,671,960	–	198,951,676
Unallocated liabilities								50,552,919
Total consolidated liabilities								249,504,595

(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	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**11,497,577**	12,492,148
Adjusted EBITDA for other segment	**55,837**	148,686
Total segments profit	**11,553,414**	12,640,834
Depreciation of property, plant and equipment	**(3,433,325)**	(3,098,675)
Amortisation of intangible assets	**(188,948)**	(156,696)
Prepaid lease payments released to the condensed consolidated income statement	**(187,596)**	(162,946)
Corporate items	**(37,670)**	(105,285)
Operating profit	**7,705,875**	9,117,232
Finance costs – net	**(5,251,922)**	(5,396,957)
Share of profit of associates	**95,714**	332,339
Profit before income tax	**2,549,667**	4,052,614

4. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Changes in fair value of financial assets at fair value through profit or loss	**1,428,974**	(14,425)
Government subsidies		
VAT refunds *(Note a)*	**890,198**	757,689
Government grants *(Note b)*	**776,039**	402,744
Interest subsidies	**53,754**	12,155
Net rental income	**197,425**	38,907
Discount on acquisition of interests in subsidiaries	**34,080**	188,885
Gain on disposal of other investments	**551**	456
Claims received	**27,394**	26,330
Waiver of payables	**32,627**	49,666
Others	**253,079**	190,201
	3,694,121	1,652,608

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	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on bank borrowings:		
– wholly repayable within five years	**3,473,597**	4,013,415
– not wholly repayable within five years	**7,991**	12,039
	3,481,588	4,025,454
Interest expenses on bonds, other borrowings and finance leases	**2,175,019**	1,888,998
Less: Interest capitalised to construction in progress	**(181,775)**	(243,204)
	5,474,832	5,671,248
Interest income:		
– interest on bank deposits	**(168,061)**	(111,049)
– interest on loans receivable	**(54,849)**	(163,242)
	(222,910)	(274,291)
Finance costs – net	**5,251,922**	5,396,957

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**3,457,975**	3,121,199
Depreciation of investment properties	**4,527**	4,490
Amortisation of intangible assets	**188,948**	156,696
Prepaid lease payments released to condensed consolidated income statement	**187,596**	162,946
Allowance for bad and doubtful debts	**198,371**	244,785
Impairment loss on property, plant and equipment	**–**	75
Staff costs	**4,877,490**	4,844,253
Net foreign exchange losses	**4,164**	5,283

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax	**1,021,820**	1,577,315
Deferred income tax	**(39,377)**	(403,154)
	982,443	1,174,161

PRC income tax is calculated at 25% (2014: 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 2015 at the rates of taxation prevailing in the countries in which the group operates.

8. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends	**890,839**	863,844

During the period, a dividend amounting to approximately RMB890.84 million (Six months ended 30 June 2014: approximately RMB863.84 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 2015.

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	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**791,604**	1,797,833

	Six months ended 30 June	
	2015	2014
	(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 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Trade receivables, net of allowance for bad and doubtful debts	**35,039,097**	27,306,027
Bills receivable	**5,248,357**	7,718,472
Amounts due from customers for contract work	**2,157,064**	3,401,529
Prepaid lease payments	**353,206**	348,244
Other receivables, deposits and prepayments	**25,808,105**	22,198,207
	68,605,829	60,972,479

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 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Within two months	**12,348,554**	8,752,842
More than two months but within one year	**16,452,131**	14,209,370
Between one and two years	**4,869,295**	3,475,323
Between two and three years	**1,081,060**	550,969
Over three years	**288,057**	317,523
	35,039,097	27,306,027

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

The aging analysis of trade and other payables is as follows:

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Within two months	**6,178,763**	7,046,574
More than two months but within one year	**7,190,093**	7,893,131
Between one and two years	**2,314,310**	2,540,645
Between two and three years	**596,590**	759,596
Over three years	**728,685**	436,910
Trade payables	**17,008,441**	18,676,856
Bills payable	**14,984,975**	11,782,823
Amounts due to customers for contract work	**528,848**	347,864
Other payables	**20,047,093**	20,464,238
	52,569,357	51,271,781

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

BUSINESS REVIEW AND OUTLOOK

SUMMARY OF OPERATING DATA

The summary of major operating data of each segment of the Group for the six months ended 30 June 2015 and 30 June 2014 is set out below:

CEMENT SEGMENT

China United

	For the six months ended 30 June	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**21,920**	23,970
Production volume-clinker *(in thousand tonnes)*	**23,680**	26,210
Sales volume-cement *(in thousand tonnes)*	**19,853**	21,080
Sales volume-clinker *(in thousand tonnes)*	**9,182**	9,907
Unit selling price-cement *(RMB per tonne)*	**208.0**	261.9
Unit selling price-clinker *(RMB per tonne)*	**185.8**	236.7
Sales volume-commercial concrete *(in thousand m^3)*	**12,811**	16,734
Unit selling price-commercial concrete *(RMB per m^3)*	**282.6**	313.4

South Cement

	For the six months ended 30 June	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**43,137**	43,360
Production volume-clinker *(in thousand tonnes)*	**41,529**	42,608
Sales volume-cement *(in thousand tonnes)*	**42,057**	41,464
Sales volume-clinker *(in thousand tonnes)*	**11,952**	13,579
Unit selling price-cement *(RMB per tonne)*	**219.5**	254.1
Unit selling price-clinker *(RMB per tonne)*	**182.5**	230.7
Sales volume-commercial concrete *(in thousand m^3)*	**18,609**	22,480
Unit selling price-commercial concrete *(RMB per m^3)*	**336.1**	330.1

North Cement

	For the six months ended 30 June	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**6,514**	5,675
Production volume-clinker *(in thousand tonnes)*	**5,512**	7,135
Sales volume-cement *(in thousand tonnes)*	**6,798**	5,518
Sales volume-clinker *(in thousand tonnes)*	**736**	2,931
Unit selling price-cement *(RMB per tonne)*	**288.3**	324.6
Unit selling price-clinker *(RMB per tonne)*	**217.1**	263.4
Sales volume-commercial concrete *(in thousand m^3)*	**1,071**	575
Unit selling price-commercial concrete *(RMB per m^3)*	**318.8**	372.1

Southwest Cement

	For the six months ended 30 June	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**39,235**	36,400
Production volume-clinker *(in thousand tonnes)*	**28,605**	28,286
Sales volume-cement *(in thousand tonnes)*	**39,202**	37,268
Sales volume-clinker *(in thousand tonnes)*	**1,627**	1,461
Unit selling price-cement *(RMB per tonne)*	**229.2**	257.4
Unit selling price-clinker *(RMB per tonne)*	**193.1**	245.5
Sales volume-commercial concrete *(in thousand m^3)*	**484**	669
Unit selling price-commercial concrete *(RMB per m^3)*	**280.8**	304.4

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

	For the six months ended 30 June **2015**	2014
Gypsum boards – BNBM		
Production volume *(in million m^2)*	**104.7**	105.3
Sales volume *(in million m^2)*	**101.9**	109.4
Average unit selling price *(RMB per m^2)*	**6.47**	6.79
Gypsum boards – Taishan Gypsum		
Production volume *(in million m^2)*	**553.4**	539.5
Sales volume *(in million m^2)*	**557.9**	532.0
Average unit selling price *(RMB per m^2)*	**4.46**	4.63

GLASS FIBER AND COMPOSITE MATERIALS SEGMENT

	For the six months ended 30 June **2015**	2014
Rotor blade		
Production volume *(in blade)*	**3,056**	1,646
Sales volume *(in blade)*	**2,868**	1,584
Average unit selling price *(RMB per blade)*	**371,215**	401,500

OVERVIEW FOR THE FIRST HALF OF THE YEAR

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW

Extreme complexity in domestic economic conditions were seen in the first half of 2015 as the downward pressure has been increasing. Adhering to the general tone of making progress while ensuring stability, the national economy took on a moderate but stable development trend. As compared with the same period of last year, the GDP of China increased by 7%; investments in fixed assets and real estate development increased by 11.4% and 4.6% respectively, showing a decline in growth rate when compared to past few years; and investment in infrastructure increased by 19.1% against the backdrop of the Chinese government continuing to step up investments in infrastructure but there being a prolonged process before relevant projects could be launched. Due to a drop in demand and overcapacity, the building materials industry saw a noticeable slowdown in production growth, while cement saw a continued decline in selling price and a significant decrease in profit.

In the first half of 2015, the Group made proactive efforts in overcoming various challenges such as the complicated macro-situation, overcapacity in the industry and slower growth in demand. Closely adhering to the four operation principles of "integration and optimization, profit raising and gearing reduction", "preparation, meticulosity, refinement, solidity", "Four Execution & Four Control", "Four Increase & Four Reduction" and "price stabilization, cost reduction, receivables collection and inventory control", the Group implemented the "Eight Working Methods", established "Six-star Enterprise" and comprehensively pushed forward production and operation, management integration as well as transformation and upgrading. In the first half of the year, compared with the same period last year, the sales volume of cement and clinker of the Group decreased by 1.4% to 132.1 million tonnes, the sales volume of commercial concrete decreased by 19.0% to 33.6 million m^3, the sales volume of gypsum board increased by 2.9% to 660 million m^2, the sales volume of rotor blade increased by 81.1% to 2,868 pieces. The revenue of the Group amounted to RMB48,339.1 million, representing a 13.3% decrease year on year. Profit attributable to equity holders of the Group amounted to RMB791.6 million, representing a 56.0% decrease year on year.

CEMENT SEGMENT

Review of the cement industry in the PRC in the first half of 2015

In the first half of 2015, given multiple factors including continued slow-down in investments in fixed assets and real estate development in China, especially slow progress in infrastructure projects and the decrease in the number of new real estate projects which commenced construction as well as frequent rainfall in some regions, the cement demand further weakened. The total production of cement in China was 1.08 billion tonnes, representing a year-on-year decrease of 5.3%, and a decrease for the first time over 25 years since 1990. Cement price continued to fall and the profit of the cement industry experienced significant decline as compared to the same period last year.

Placing significant attention on the control over the overcapacity in the cement industry, the central government of China proposes to firmly curb the new capacity. In order to optimize the existing capacity, the central government increased efforts in phasing out outdated capacities based on the standards such as limiting mandatory pollutants emission and the quota of unit product energy consumption. It also provides support to enterprise merger and acquisition to enhance industry concentration. The modes such as staggering production was promoted to achieve energy saving, emissions reduction. As a result, the newly-added clinker capacity decreased by 40% year on year to 20.93 million tonnes whilst the investment in cement continued to decline and recorded a decrease of 12.3% year on year in the first half of the 2015. (Sources: NBS, MIIT and Cement Association of China (中國水泥協會)).

Review of the cement segment of the Group in the first half of 2015

The cement segment of the Group proactively coped with the challenge posed by the decline in cement demand and overcapacity. By adhering to the business ideology of "PCP", the Group actively advocated industry self-regulation and market co-opetition to carry out high-level and meticulous co-opetition with a focus on the core profit-generating regions. Meanwhile, it stepped up efforts in "Four Reduction" on the principle of "simplified organization and capable personnel" to comprehensively promote integration and optimization of organization structure. By deepening the "Five C" management, lean production, delicacy management and benchmark management and optimization, it rolled out the cost and expense control plan in an all-round way. In addition, the management of account receivables and inventory control was further enhanced with an aim to improve debts collection rate and efficiency in capital utilization.

China United

Insisting on the business ideology of "PCP", China United vigorously promoted industry self-discipline and emission reduction, and promoted "staggering production in summer" on the basis of "staggering production in winter", in a bid to maintain a good environment for the market. Meanwhile, it comprehensively rolled out the new management mode of "integrated regional operation" and actively adjusted product structure to enhance its market share in sales. Through adhering to the cements sales to drive the sales of commercial concrete, China United acquired more control and discourse power over the terminal market.

Through continued efforts in promoting deep management integration, improving benchmark management and optimizing benchmark system, China United gradually elevated its operation quality. Further efforts were put in "Four Reduction" to enhance working efficiency through streamlining and reducing institutional headcount, and vehicle reform to facilitate costs reduction and profit improvement. More endeavors were made in cost reduction through strictly executing the cost and expense control plan. The procurement cost was effectively reduced by way of headquarter centralized procurement. Meanwhile, it formulated the scheme to effectively implement the "methods of increasing, saving and reducing" setting out specific targets, responsible layers and persons, which also enhanced the supervision of its implementation. Besides, it further strengthened its management of accounts receivable and inventory level, optimized the system of collection and settlement.

In an effort to extend its industrial chain, China United also expanded its presence in aggregate business and also optimized its presence in commercial concrete, so as to reinforce its core profit-generating regions.

South Cement

In light of the "PCP" business ideology, South Cement firmly promoted clinker production restriction and resources linkage, striving to stabilize and maintain price level. In addition, it enhanced market segmentation, consolidation and optimization of fragmented regional markets in an orderly manner to establish an elaborated local market to steadily improve its core market share.

South Cement further encouraged management integration and innovation through proactively implementing "Eight Working Methods" with a focus on benchmark management and optimization, to constantly uplift operation efficiency. In the principle of "simplified organization and capable personnel", South Cement insisted on enhancing productivity based upon integrated management and organizational optimization of its subsidiaries. On commercial concrete business, it pressed ahead with organizational optimization and mechanism innovation, market development and cost control. Centralized management of procurement was enhanced by establishing strategic partnership with major suppliers, coupled with regional collaborative procurement to reduce purchase prices of raw materials and fuel. Meanwhile, it also developed the credit risk monitoring system for sales of commercial concrete and strengthened settlement and collection of accounts receivable and quota management of inventory materials with an emphasis on management of spare parts inventory.

Enterprise competitiveness was gradually enhanced, through optimizing project construction and integration of mining and logistics resources with a focus on consolidation and optimization of its core profit-generating regions.

North Cement

Facing the extremely rigorous market condition in North-east China, North Cement, firmly adhering to the "PCP" business ideology, progressively cultivated high-level and meticulous market co-opetition in the spirit of "three no-fears and four efforts" and promoted staggering production to protect the steady operation of the regional market. It adjusted its sales strategies flexibly based on the market to strive for market share and strike a balance between sales volume and price. In addition, centralized management of commercial concrete began to show its effect.

North Cement further advanced deep management integration and promoted delicacy management and lean production. It intensified the benchmarking management and made full use of the advantage in connection of kilns and grinding mills to continuously improve its operational efficiency. In adherence to the principle of "simplified organization and capable personnel", North Cement carried out "Four Reduction" comprehensively and minimized the number of management areas and administrative costs to increase its overall competitiveness. Through further implementation of the "Five C" management, it constantly optimized the centralized procurement system so that fuel and raw materials were purchased at much lower prices. It further improved the management of accounts receivable and "zero inventory" to reduce capital occupancy.

North Cement continued to expand its industrial chain and increased efforts in integration of mine and clinker logistics in an attempt to concrete its core profit-generating regions, which resulted in more discourse power on the market.

Southwest Cement

Southwest Cement firmly pressed ahead the "PCP" business ideology, optimized marketing structure and kept close eyes to key projects and key markets while reinforcing market exploration, customer maintenance and channel construction, thus steadily increased market share.

Southwest Cement comprehensively promoted deep management integration and proceeded with the integration of marketing organizations and the trial integration of production, supply, sales and finance in regional market. In the principle of "simplified organization and capable personnel", it optimized the "Three Formulations" work to further simplify the organizations and reduce personnel, and optimize the working procedures and position allocation. It strengthened benchmarking management and comprehensively pressed ahead centralized procurement to effectively reduce energy consumption and cost. Southwest Cement also improved the utilization of funds through centralized coordination and allocation of funds and continuous innovation in financing modes. Besides, it also strictly controlled management of accounts receivable, defined explicitly the relevant goals and responsibilities and enhanced benchmarking and appraisal. By reducing the inventory of raw materials and fuels, pressing ahead the procurement upon "zero inventory", organizing production on reasonable basis, it lowered the occupation of funds.

Southwest Cement enhanced the sustainable development capacity of the enterprise through continuously strengthening construction of core profit-generating regions and optimizing its industrial layout.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

Review of the Group's lightweight building materials business in the first half of 2015

BNBM optimized business operation, further intensified marketing, and advanced the "function oriented, specialty oriented, composite materials oriented, light board oriented, and thick board oriented" product strategy for its gypsum board business. It continuously consolidated and developed traditionally advantageous markets through channel distribution and customer promotion. Meanwhile, it devoted to expand household decoration, retail and innovative products markets.

Vigorously promoted deep management integration, BNBM further focused on optimization to reduce cost. By focusing on regions, its operation position was pushed forward. It also steadily enhanced its operation efficiency and market competitiveness by optimizing organizations and promoting market meticulous and precision. The costs and expenses were further reduced through fully implementation of the work of "Four Reduction".

BNBM steadily promoted the nationwide layout planning of 2.5 billion m^2. It devoted more efforts in product innovation, the energy saving and environment friendly new products such as "zero-formaldehyde" gypsum board were widely recognized in the market. It also strengthened research, development and promotion of the technology system for interior decoration industrialization products such as gypsums board composite wall.

GLASS FIBER AND COMPOSITE MATERIALS SEGMENTS

Review of the Group's composite materials business in the first half of 2015

China Composites seized the continuous recovery in the wind power industry, adjusted and optimized its product structure, sped up the development of new customer groups, put more emphasis on exploring international markets, thus consolidated and enhanced its leading position in the industry. It further tapped into the key production technology and enhanced independent innovation capability. Being market demand oriented, it established and developed the customer-oriented product system. Meanwhile, it further accelerated the transformation and upgrading of the enterprise. With substantially completing the nationwide industry layout of MW-level rotor blades, it seized the technology prominent position by developing multiple types of new products including the slender-type rotor blades for low wind speed zones and the high-power rotor blades for offshore wind zones. The rotor blades of 68-meter, high-power rotor blades with world-leading technology and being the first one with core intellectual property rights in China, was successfully launched, which laid a foundation for the localization of rotor blades of offshore wind turbines.

China Composites proactively promoted the deep management integration, devoted more efforts to reduce the consumption of spare parts and energy, thus effectively improved quality and increased efficiency and further reinforced the management on trade receivables and minimized capital missappropriation.

Review of the Group's glass fiber business in the first half of 2015

Based on structural adjustment, China Jushi focused on adjustment of production structure and product structure, and continuously increased proportion of the high-end products, while maintaining the production of differentiated and specialized products, thus further enhancing its competitiveness. It continually improved sales service, proactively explored new markets and developing new customers while maintaining the existing markets and customer bases, so as to improve its profitability substantially. Leveraging on improvement of quality, China Jushi strengthened delicate management, and firmly pressed ahead the "unified sale, unified finance and unified procurement" to simplify organizations, improve efficiency, reduce cost and share resources. In addition, it continued to execute the "methods of increasing, saving and reducing", improved the production efficiency through innovation of technology and management, thus further consolidated its comparative cost advantages in the industry. It also promoted energy conservation and emission reduction through promotion of energy conservation technology, so as to reduce cost and increase efficiency.

China Jushi firmly implemented the "going out" strategy, it further pressed ahead the construction of Phase II of the glass fibre pool kiln wiredrawing production line with an annual capacity of 80,000 tonnes in Egypt, so as to optimize the global distribution of its production capacity. The product varieties will be further enriched upon the production line being put into operation, thus satisfying the demands in the European Union market. The glass fibre project in Egypt was included in key supported projects of NDRC "One Belt, One Road".

ENGINEERING SERVICES SEGMENT

Review of the Group's engineering services segment in the first half of 2015

Based on the "One Belt, One Road" strategy, China Triumph sped up the layout of cement, glass and photovoltaic new energy. At the same time, it proactively promoted the international cooperation of production capacity, the Kazakhstan cement and photovoltaic power station project and the Indonesia industrial park project were both listed as key supported projects of NDRC "One Belt, One Road". In addition, it vigorously pressed ahead with the transformation and upgrading of the enterprise, accelerated the transformation of its products from ordinary float glass to high-end glass, strived to develop the energy conservation and environmental protection engineering business, and established along the entire industry chain from solar modules to distributed power stations and EPC for ground power stations. China Triumph has grown into the domestic and export high-end glass engineering technology market leader and international new energy EPC industry pacesetter. With technological innovation being enhanced continuously, the 0.2mm ultra-thin glass substrate, which was produced through the ultra-thin glass demonstration line, is the thinnest on record in the world. The costs and expenses saving plan were comprehensively advanced, while financing channels were actively expanded and more efforts were devoted in the work of "Four Reduction".

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Looking into the second half of 2015, the complicated economic environments are expected to remain at home and abroad while the "Three Period Superimposed" in China's economy will still exert impacts. Implementation of national strategies such as three main strategies including "One Belt, One Road", Beijing–Tianjin–Hebei synergetic development and the Yangtze River Economic Belt and four major sectors as well as "made in China 2025" promoted by China were speeded up, injecting new sources of motivation for continuous development of the national economy. To tackle the downward trend of the economy, the central government will continue to maintain the continuity and stability of its macroeconomic policy, advance the proactive fiscal policy and prudent monetary policy, enhance targeted regulation on the basis of range-based macro regulation, make anticipatory adjustments and fine-tuning on timely basis, and maintain a proper balance among ensuring steady growth, promoting reform, making structural adjustments, benefiting livelihood and preventing risks. By streamlining administration and decentralization, and relaxing restrictions on financing by local governments, the economic vitality will be further motivated. Construction of key projects accelerated including infrastructure and affordable housing, policy on elimination of low grade cement production was issued and energy saving and environmental protection measures were implemented gradually, which will improve cement supply and demand significantly.

The Group will continue to persist in the principles of "integration and optimization, profit raising and gearing reduction", "preparation, meticulosity, refinement, solidity", "Four Execution & Four Control" and "Four Increase & Four Reduction", and "price stabilization, cost reduction, receivables collection and inventory control", and enhance the market competition and cooperation, promote staggering production and restricted production to save energy, so as to contribute to the healthy development of the market. The cost and expense saving plan will be implemented through carrying out deep management integration in a continuous manner. The Group will also accelerate transformation and upgrading, put more efforts in capital operation, and further explore new financing mode, thus effectively lowering the gearing ratio.

CEMENT SEGMENT

Insisting on the "PCP" business ideology, the cement segment of the Group will proactively cultivate high-level and meticulous co-opetition and serve as the initiator and practitioner of market competition and cooperation.With continuous progress in deep management integration, it will continue to optimize the organizational structure in the principle of "simplified organization and capable personnel" and strengthen "Five C" management, technical transformation and resources integration to practically reduce costs. In addition, accounts receivable management will be intensified to gradually improve the collection system. The Group will stick to the ideology of "zero inventory" management to ensure the decrease in inventories. New models of restructuring such as joint venture, leasehold and entrustment will be proactively adopted to continuously consolidate market share in the core profit-generating regions.

China United

China United will insist on the "PCP" business ideology, continue to promote self-discipline and refine the structure of sales, and place the focus on "increase cement, control clinker" to achieveprofit improvement. Further efforts will be made on strengthening benchmark management and the counselor system and increasing the scope of centralized procurement so as to achieve cost reduction and profit raising in an all-around way. The optimization of organizational structure will be continuously promoted to enhance management efficiency. Moreover, the capability of receivables recovery will be reinforced and a spare parts sharing mechanism will be established. It will also speed up the construction of intelligentized plant to proactively lead industry transformation and upgrading, and the construction of aggregate production line to exert the advantages of industrial chain.

South Cement

Further insisting on the "PCP" business ideology, South Cement will proactively promote regional production restriction, market integration, and management and control of clinker resources to maintain regional market stability. The organization and construction of small regional markets will be intensified and more efforts will be made on the development and service of key projects to increase core market share. In addition, procurement centralization, financial centralization, logistics management and benchmark management will be strengthened, striving to achieve cost reduction and profit raising. Furthermore, inventory management will be further intensified while the management and control over credit risk in relation to receivables of commercial concrete throughout the marketing process will be improved. Its competitiveness will be continuously enhanced through centering on the promotion of integration of mine resources and construction of aggregate base in the core profit-generating regions.

North Cement

North Cement will firmly adhere to the "PCP" business ideology. More efforts will be made on market development and developing rural market, far eastern market and commercial concrete market. It will strengthen "Five C" management and delicacy management, intensify benchmark optimization and centralized procurement, striving to achieve benefit maximization of regional market. Besides, it will continue to strengthen receivables management and advance "zero inventory" management. New restructuring models such as equity-participation, leasehold and entrustment will be propelled. It will also carry out "integration"of commercial concrete industry to drive the extension of industrial chain.

Southwest Cement

Through resolutely implementing the "PCP" business ideology, Southwest Cement will promote regional centralized marketing and high-level marketing and strengthen key project service and supply guarantee, striving to increase the share of key project. In-depth management integration will be propelled and the focus will be placed on the management of coal supply. Furthermore, receivables management will be further intensified, and "zero inventory" will be proactively implemented to improve efficiency in capital utilization. It will also optimize the construction of core profit-generating regions and explore new models including co-marketing to continuously increase the share in regional market.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

With the focus placed on market, BNBM will deepen its focusing strategy, vigorously develop main business and comprehensively strengthen marketing capability. Meanwhile, it will strengthen management enhancement, deepen management integration and further reduce cost and increase efficiency. More efforts will be made on innovation to accelerate product innovation and technological innovation so as to enhance business competitiveness and profitability.

GLASS FIBER AND COMPOSITE MATERIALS SEGMENTS

Composite materials business

While place the focus on large projects, China Composites will vigorously maintain big customers and proactively develop new customers to enlarge market share and stably promote profitability. Meanwhile, it will promote management enhancement, strengthen receivables management and increase collection efforts. In addition, the cost and expense saving plan will be comprehensively implemented to realize cost reduction and profit raising.

Glass fiber business

China Fiberglass will adjust the product structure and strengthen production-marketing coordination. It will enhance direct selling ratio and place the focus on important markets, important customers and important products. It will promote technology and management innovation, speed up the progress of automation and improve production efficiency. The work of increasing, saving and reducing will be further promoted to continuously achieve cost reduction and profit raising.

ENGINEERING SERVICES SEGMENT

Centering on the "One Belt, One Road" strategy, China Triumph will increase market development efforts and proactively integrate into new industries. While strengthening deep management integration, it will deeply promote the work of "four reduction", and strengthen technological innovation and business model innovation to promote transformation and upgrading of enterprises.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2015.

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 2015, neither the Company nor any of 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

During the six months ended 30 June 2015, the Company complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules except for Code Provision 4.2. All the Directors last elected on 15 November 2011 were subject to retirement by rotation by 15 November 2014, according to Code Provision 4.2 which states that every director should be subject to retirement by rotation at least once every three years. Ms. Cui Lijun, Mr. Qiao Longde, Mr. Li Decheng and Mr. Ma Zhongzhi retired and were replaced by new Directors in October 2014. As this process involves the entire Board such that many factors have to be considered in ensuring the smooth continuation of the senior management of the Company, the Company has not yet completed the above process with regard to the rest of the Board.

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. During the Reporting Period, the strategic steering committee has reviewed the operation of the Company in 2014 and proposals relating to the working arrangement in 2015.

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 the qualifications and conditions of Directors and senior management. During the Reporting Period, the nomination committee has reviewed the structure, size and composition of the Board and the special committees, diversity of the Board as well as the independence of the independent non-executive Directors.

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. During the Reporting Period, the remuneration and performance appraisal committee has considered the remuneration for senior management for 2014.

AUDIT COMMITTEE

The Company has established the audit committee which comprises three Directors, including one independent non-executive Director and two independent non-executive Directors with appropriate professional qualification and accounting and 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 2014, the working plan in 2015, the appointment of auditors in 2015, determination of the expense on audit in 2014, 2014 annual report and the 2015 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)
"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 Jushi"	中國巨石股份有限公司(China Jushi 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)
"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
"Four Execution & Four Control"	reform execution, innovation execution, marketing execution and management execution & expenditure control, gearing control, cost control and risk control
"Four Increase & Four Reduction"	sales volume increase, variety increase, price increase and profit increase & hierarchy reduction, organization reduction, excess staff reduction and vehicle reduction
"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 of Hong Kong Limited 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

"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
"Reporting Period"	the period from 1 January 2015 to 30 June 2015
"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
"Three Formulations"	Formulation of functions, formulation of structure and formulation of staffing

"Three no-fears and four efforts"	No fear of toil, no fear of grievance and no fear of setbacks; efforts through innumerable means, endless words (to persuade), thousands miles (to walk) and overcoming innumerable hardships

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

Beijing, the PRC
24 August 2015

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 Mr. Tao Zheng as non-executive directors, and Mr. Shin Fang, Mr. Tang Yunwei, Mr. Zhao Lihua, Mr. Wu Liansheng and Mr. Sun Yanjun as independent non-executive directors.

* *For identification only*