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)

Announcement of Annual Results For the Year Ended 31 December 2015

For the year ended 31 December 2015, the Group's consolidated operating revenue amounted to RMB100,292 million, representing a decrease by 17.8% as compared to the same period last year.

The audited profit attributable to equity holders of the Company amounted to RMB1,019 million, representing a decrease by 82.8% as compared to the same period last year.

Basic earnings per share was RMB0.19, representing a decrease of 82.8% over the same period of 2014.

The Board recommends to distribute a final dividend of RMB199,763,971.69 in total (pre-tax) for 2015 (2014: RMB890,839,333.23 in total (pre-tax)), representing RMB0.037 per share (pre-tax) (2014: RMB0.165 per share (pre-tax)) based on 5,399,026,262 shares in issue as at the date of this announcement.

The Board is pleased to announce the consolidated results and the financial position of the Group for the year ended 31 December 2015 prepared in accordance with IFRS, together with the consolidated results and financial position for the year of 2014 for comparison.

The audited financial statements of the Group for the year ended 31 December 2015 have been reviewed by the independent auditor, the Board and the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2015

	Note	**2015** *RMB'000*	2014 *RMB'000*
Revenue	4	**100,291,587**	122,011,222
Cost of sales		**(75,672,523)**	(88,732,228)
Gross profit		**24,619,064**	33,278,994
Investment and other income	6	**6,295,465**	4,954,948
Selling and distribution costs		**(7,109,776)**	(7,760,390)
Administrative expenses		**(9,498,520)**	(9,049,329)
Finance costs – net	7	**(10,532,185)**	(10,856,638)
Share of profits of associates		**331,229**	985,426
Profit before income tax	8	**4,105,277**	11,553,011
Income tax expense	9	**(1,312,622)**	(2,881,364)
Profit for the year		**2,792,655**	8,671,647
Profit attributable to:			
Owners of the Company		**1,019,361**	5,919,541
Holders of perpetual capital instruments		**325,592**	45,125
Non-controlling interests		**1,447,702**	2,706,981
		2,792,655	8,671,647
Earnings per share			
– basic and diluted *(RMB)*	11	**0.19**	1.10

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 *RMB'000*	2014 *RMB'000*
Profit for the year	**2,792,655**	8,671,647
Other comprehensive expenses, net of tax: *(Note 9(b))*		
Items that may be reclassified subsequently to profit or loss		
– Currency translation differences	**(26,341)**	(9,547)
– Changes in fair value of available-for-sale financial assets	**(80,752)**	(65,188)
– Shares of associates' other comprehensive income/(expenses)	**19,016**	(82,134)
Other comprehensive expenses for the year, net of tax	**(88,077)**	(156,869)
Total comprehensive income for the year	**2,704,578**	8,514,778
Total comprehensive income attributable to:		
Owners of the Company	**916,959**	5,746,306
Holders of perpetual capital instruments	**325,592**	45,125
Non-controlling interests	**1,462,027**	2,723,347
Total comprehensive income for the year	**2,704,578**	8,514,778

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**126,225,417**	126,019,321
Prepaid lease payments		**14,512,689**	14,107,910
Investment properties		**323,395**	300,472
Goodwill		**42,604,255**	42,847,327
Intangible assets		**7,144,897**	5,336,403
Interests in associates		**10,364,548**	10,032,548
Available-for-sale financial assets		**3,331,163**	1,301,689
Deposits		**4,213,178**	6,584,989
Deferred income tax assets		**4,015,509**	3,251,399
		212,735,051	209,782,058
Current assets			
Inventories		**15,164,523**	16,663,437
Trade and other receivables	12	**69,693,408**	60,972,479
Available-for-sale financial assets		**132,480**	–
Financial assets at fair value through profit or loss		**3,084,343**	1,978,704
Amounts due from related parties		**12,652,293**	11,090,427
Pledged bank deposits		**5,746,301**	5,704,068
Cash and cash equivalents		**10,579,535**	10,290,653
		117,052,883	106,699,768
Current liabilities			
Trade and other payables	13	**46,291,855**	51,271,781
Amounts due to related parties		**7,342,940**	1,713,831
Borrowings – amount due within one year		**144,425,583**	139,292,634
Obligations under finance leases		**4,456,608**	4,490,609
Current income tax liabilities		**1,652,014**	1,913,310
Financial guarantee contracts due within one year		**56,981**	–
Dividend payable to non-controlling interests		**216,528**	441,789
		204,442,509	199,123,954

	Note	2015 RMB'000	2014 RMB'000
Net current liabilities		**(87,389,626)**	(92,424,186)
Total assets less current liabilities		**125,345,425**	117,357,872
Non-current liabilities			
Borrowings – amount due after one year		**30,501,188**	37,731,114
Deferred income		**1,108,573**	1,222,202
Obligations under finance leases		**18,150,330**	9,142,563
Financial guarantee contracts due after one year		**–**	56,981
Deferred income tax liabilities		**2,124,057**	2,227,781
		51,884,148	50,380,641
Net assets		**73,461,277**	66,977,231
Capital and reserves			
Share capital		**5,399,026**	5,399,026
Reserves		**36,499,449**	35,173,875
Equity attributable to			
Owners of the Company		**41,898,475**	40,572,901
Perpetual capital instruments		**9,994,863**	5,000,125
Non-controlling interests		**21,567,939**	21,404,205
Total equity		**73,461,277**	66,977,231

AUDITOR'S WORK ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, Baker Tilly HK, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly HK in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly HK on the preliminary announcement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changes to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain available-for-sale financial assets and financial assets at fair value through profit or loss that are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

2.1 Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board for the first time in the current year:

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 application of these amendments to IFRSs in the current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[3]
IFRS 15	Revenue from Contracts with Customers[3]
IFRS 16	Leases[4]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 7	Disclosure Initiative[2]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to IAS 27	Equity method in separate financial statements[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IFRSs	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.

4 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

5 The original effective date of 1 January 2016 has been postponed until further announcement by the IASB.

The Group is in the process of assessing the impact of initial application of these amendments, new or revised IFRSs. Up to now, the Group considers that these amendments, new or revised IFRSs would have no significant impact on the Group's operating results and financial position.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over Beijing New Building Material Public Limited Company ("BNBM")

BNBM is a subsidiary of the Group although the Group has only 45.2% equity interest and voting rights in BNBM. BNBM is listed on the stock exchange of Shenzhen, PRC. The Group has 45.2% equity interests in BNBM since September 2014 and the remaining 54.8% equity interests are owned by thousands of shareholders that are unrelated to the Group.

The management of the Company assessed whether or not the Group has control over BNBM based on whether the Group has the practical ability to direct the relevant activities of BNBM unilaterally. In making the judgement, the directors considered the Group's absolute size of holding in BNBM and the relative size of and dispersion of the shareholding owned by the other shareholders. After assessment, the directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of BNBM and therefore the Group has control over BNBM.

Significant influence over Shanghai Yaohua Pikington Glass Group Co., Ltd. (上海耀皮玻璃集團股份有限公司) ("Shanghai Yaohua")

Shanghai Yaohua is an associate of the Group although the Group only owns 12.74% (2014: 12.72%) equity interest in Shanghai Yaohua. The Group has significant influence over Shanghai Yaohua by virtue of the contractual right to appoint 1 out of the 4 directors to the board of directors of that company.

3.2 Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. As at 31 December 2015, the carrying value of property, plant and equipment is approximately RMB126,225.42 million (2014: approximately RMB126,019.32 million).

Write down of inventories

During the year, the Group reversed provision of inventories of approximately RMB61.79 million (2014: write down of inventories provision of approximately RMB60.62 million). The Group makes write down of inventories based on assessment of the net realisable value of inventories. Write down of inventories is applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories required the use of judgement and estimates on the conditions and usefulness of the inventories.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of goodwill is approximately RMB42,604.26 million (2014: approximately RMB42,847.33 million).

Income taxes

As at 31 December 2015, a deferred tax asset of approximately RMB2,442.50 million (31 December 2014: approximately RMB1,722.50 million) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB12,839.19 million (2014: approximately RMB13,306.83 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal take place.

Allowance for bad and doubtful debts

During the year, the Group provided allowance for bad and doubtful debts of approximately RMB548.98 million (2014: approximately RMB510.65 million) based on an assessment of the present value of the estimated future cash flow from trade and other receivables. Allowance on the estimated future cash flow is applied where events or changes in circumstances indicate that the part of or the whole balances may not be recoverable. The estimation of future cash flow from trade and other receivables requires the use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact on the carrying value of trade and other receivables and doubtful debts expenses in the year in which such estimate has been changed.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the Company are responsible in determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors of the Company work closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model. The directors assess regularly the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties and financial instruments.

4 REVENUE

	2015	2014
	RMB'000	*RMB'000*
Sale of goods	**91,998,600**	113,507,294
Provision of engineering services	**7,046,646**	4,572,597
Rendering of other services	**1,246,341**	3,931,331
	100,291,587	122,011,222

5 SEGMENTS INFORMATION

(a) Operating segments

For management purpose, the Group is currently organised into six major operating divisions during the year – cement, concrete, lightweight building materials, glass fibre 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 fibre and composite materials	—	Production and sale of glass fibre and composite materials
Engineering services	—	Provision of engineering services to glass and cement manufacturers and equipment procurement
Others	—	Merchandise trading business and others

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

Year ended 31 December 2015

	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fibre and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Statement of profit or loss								
Revenue								
External sales	**59,096,900**	**21,461,965**	**7,084,563**	**3,260,519**	**7,115,008**	**2,272,632**	**–**	**100,291,587**
Inter-segment sales *(Note)*	**2,745,344**	**–**	**3,588**	**–**	**882,537**	**715,494**	**(4,346,963)**	**–**
	61,842,244	**21,461,965**	**7,088,151**	**3,260,519**	**7,997,545**	**2,988,126**	**(4,346,963)**	**100,291,587**
Adjusted EBITDA	**15,614,849**	**2,891,170**	**1,918,129**	**510,637**	**1,249,653**	**(185,063)**	**–**	**21,999,375**

	Cement RMB'000	Concrete RMB'000	Lightweight building materials RMB'000	Glass fibre and composite materials RMB'000	Engineering services RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Depreciation and amortisation, and prepaid lease payments released to consolidated statement of profit or loss	(6,217,647)	(864,110)	(394,318)	(90,983)	(138,547)	(74,581)	–	(7,780,186)
Unallocated other income								360,549
Unallocated administrative expenses								(273,505)
Share of profit/(loss) of associates	139,960	–	5,856	(58,119)	(1,180)	244,712	–	331,229
Finance costs – net	(7,224,868)	(2,054,538)	(126,009)	(33,073)	(337,403)	(188,290)	–	(9,964,181)
Unallocated finance costs-net								(568,004)
Profit before income tax								4,105,277
Income tax expense								(1,312,622)
Profit for the year								2,792,655

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 expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the year under evaluation compared to relying on one of the measures.

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

	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fibre and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Other information								
Capital expenditure:								
Property, plant and equipment	5,470,834	389,903	741,246	209,378	389,603	295,012	–	7,495,976
Prepaid lease payments	351,248	16,307	360,815	–	11,041	44,012	–	783,423
Intangible assets	1,291,845	10,358	18,532	14,257	14,337	818,199	–	2,167,528
Unallocated								27,368
	7,113,927	416,568	1,120,593	223,635	414,981	1,157,223		10,474,295
Acquisition of subsidiaries	344,555	–	144,884	–	1,201	83,492	–	574,132
Depreciation and amortisation								
Property, plant and equipment	5,551,875	843,320	340,702	84,651	122,047	59,599	–	7,002,194
Intangible assets	356,274	2,635	11,397	2,064	7,834	10,323	–	390,527
Unallocated								59,597
	5,908,149	845,955	352,099	86,715	129,881	69,922		7,452,318
Prepaid lease payments released to the consolidated statement of profit or loss	309,498	18,155	42,219	4,268	8,666	4,659	–	387,465
Allowance for bad and doubtful debts	193,349	230,747	3,562	64,110	40,047	17,165	–	548,980
Reversal of provision of inventories	(283)	–	–	–	–	(61,507)	–	(61,790)
Statement of financial position								
Assets								
Segment assets	201,387,744	44,956,550	11,662,524	5,369,539	13,765,966	6,673,901	–	283,816,224
Interests in associates	6,355,151	–	109,360	3,309,452	33,890	556,695	–	10,364,548
Unallocated assets								35,607,162
Total consolidated assets								329,787,934
Liabilities								
Segment liabilities	(151,416,516)	(13,582,879)	(3,739,641)	(3,019,662)	(14,063,378)	(6,597,271)	–	(192,419,347)
Unallocated liabilities								(63,907,310)
Total consolidated liabilities								(256,326,657)

Year ended 31 December 2014

	Cement RMB'000	Concrete RMB'000	Lightweight building materials RMB'000	Glass fibre and composite materials RMB'000	Engineering services RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Statement of profit or loss								
Revenue								
External sales	73,451,083	28,695,283	7,672,877	2,601,792	5,834,494	3,755,693	–	122,011,222
Inter-segment sales *(Note)*	1,623,461	1,578	–	–	1,793,674	1,261,801	(4,680,514)	–
	75,074,544	28,696,861	7,672,877	2,601,792	7,628,168	5,017,494	(4,680,514)	122,011,222
Adjusted EBITDA	20,135,604	4,793,630	2,160,805	390,742	912,549	153,398	–	28,546,728
Depreciation and amortisation, and prepaid lease payments released to consolidated statement of profit or loss	(5,652,219)	(888,950)	(334,069)	(87,387)	(127,341)	(59,111)	40,761	(7,108,316)
Unallocated other income								138,293
Unallocated administrative expenses								(152,482)
Share of profit/(loss) of associates	657,317	247	5,157	178,614	(2,676)	146,767	–	985,426
Finance costs – net	(7,425,569)	(1,975,421)	(173,351)	(65,150)	(324,972)	(142,331)	–	(10,106,794)
Unallocated finance costs-net								(749,844)
Profit before income tax								11,553,011
Income tax expense								(2,881,364)
Profit for the year								8,671,647

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 expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the year under evaluation compared to relying on one of the measures.

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

	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fibre and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Other information								
Capital expenditure:								
Property, plant and equipment	4,553,075	516,170	975,373	285,043	285,127	927,235	–	7,542,023
Prepaid lease payments	290,803	17,039	170,298	–	–	128,436	–	606,576
Intangible assets	842,166	3,219	23,628	4,511	2,201	274,683	–	1,150,408
Unallocated								49,491
	5,686,044	536,428	1,169,299	289,554	287,328	1,330,354		9,348,498
Acquisition of subsidiaries	1,106,829	250,389	65,223	–	1,313,688	–	–	2,736,129
Depreciation and amortisation								
Property, plant and equipment	5,010,782	868,712	308,658	77,027	111,756	50,278	–	6,427,213
Intangible assets	314,730	1,654	14,386	2,670	7,070	5,695	–	346,205
Unallocated								54,824
	5,325,512	870,366	323,044	79,697	118,826	55,973	–	6,828,242
Prepaid lease payments released to the consolidated statement of profit or loss	285,946	18,584	11,025	7,690	8,515	3,138	–	334,898
Allowance for bad and doubtful debts	195,628	127,613	1,816	76,172	97,417	12,008	–	510,654
Write down/(reversal of provision) of inventories	–	–	–	–	(883)	61,507	–	60,624
Statement of financial position								
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

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

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

	2015 *RMB'000*	2014 *RMB'000*
Adjusted EBITDA for reportable segments	**22,184,438**	28,393,330
Adjusted EBITDA for other segment	**(185,063)**	153,398
Eliminations	**–**	–
Total segments profit	**21,999,375**	28,546,728
Depreciation of property, plant and equipment	**(7,002,194)**	(6,427,213)
Amortisation of intangible assets	**(390,527)**	(346,205)
Prepaid lease payments released to the consolidated statements of profit or loss	**(387,465)**	(334,898)
Corporate items	**87,044**	(14,189)
Operating profit	**14,306,233**	21,424,223
Finance costs – net	**(10,532,185)**	(10,856,638)
Share of profit of associates	**331,229**	985,426
Profit before income tax	**4,105,277**	11,553,011

(b) Geographical segments

The Group's revenue from the following geographical markets, based on the locations of customers:

	Revenue from external customers	
	2015	2014
	RMB'000	*RMB'000*
PRC	**97,876,102**	120,460,792
Europe	**911,301**	480,792
Middle East	**333,685**	484,194
Southeast Asia	**413,082**	321,244
Oceania	**1,331**	153,354
Others	**756,086**	110,846
	100,291,587	122,011,222

More than 90% of the Group's operations and assets are located in the PRC for the years ended 31 December 2015 and 2014.

(c) Information of major customers

No single customer amounted for 10% or more of the total revenue for the years ended 31 December 2015 and 2014.

6 INVESTMENT AND OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Dividend from available-for-sale financial assets	**33,746**	16,535
Discount on acquisition of interests in subsidiaries	**34,080**	215,743
Gain on disposal of property, plant and equipment, investment properties, intangible assets and prepaid lease payments, net	**33,674**	6,406
Government subsidies:		
– VAT refunds *(Note (a))*	**1,281,280**	2,094,120
– Government grants *(Note (b))*	**3,444,283**	1,560,813
– Interest subsidy	**116,766**	34,061
Gain on disposal of subsidiaries, net	**31,084**	15,308
Increase in fair value of financial assets at fair value through profit or loss	**438,678**	316,657
Net rental income from:		
– Investment properties	**7,947**	35,649
– Land and building	**124,680**	–
– Equipment	**175,873**	74,158
Technical and other service income	**102,972**	147,654
Waiver of payables	**70,393**	60,722
Others	**400,009**	377,122
	6,295,465	4,954,948

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 recognised 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.

7 FINANCE COSTS – NET

	2015 *RMB'000*	2014 *RMB'000*
Interest expenses on bank borrowings:		
– wholly repayable within five years	**6,903,696**	9,802,424
– not wholly repayable within five years	**–**	111,430
	6,903,696	9,913,854
Interest expenses on bonds and other borrowings	**4,518,511**	2,362,840
Less: interest capitalised to construction in progress	**(336,258)**	(687,821)
	11,085,949	11,588,873
Interest income:		
– interest on bank deposits	**(435,331)**	(361,541)
– interest on loans receivables	**(118,433)**	(370,694)
	(553,764)	(732,235)
Finance costs – net	**10,532,185**	10,856,638

Borrowing costs capitalised for the year ended 31 December 2015 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 4.87% (2014: 6.94%) per annum to expenditure on the qualifying assets.

8 PROFIT BEFORE INCOME TAX

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

	2015	2014
	RMB'000	*RMB'000*
Depreciation of:		
property, plant and equipment	**7,052,766**	6,472,982
investment properties	**9,025**	9,055
	7,061,791	6,482,037
Amortisation of intangible assets	**390,527**	346,205
Total depreciation and amortisation	**7,452,318**	6,828,242
Impairment loss on available-for-sale financial assets	**2,734**	759
Impairment loss on goodwill	**391,180**	2,257
Impairment loss on property, plant and equipment recognised	**–**	1,615
Cost of inventories recognised as expenses	**68,046,735**	81,298,297
Prepaid lease payments released to the consolidated statement of profit or loss	**387,465**	334,898
Auditor's remuneration	**14,026**	13,939
Staff costs including directors' remunerations:		
Salaries, bonus and other allowances	**8,192,248**	8,426,082
Retirement plan contributions	**909,570**	906,916
Total staff costs	**9,101,818**	9,332,998
Allowance for bad and doubtful debts	**548,980**	510,654
(Reversal of provision)/write down of inventories	**(61,790)**	60,624
Operating lease rentals	**283,979**	228,879
Net foreign exchange (gain)/losses	**(53,037)**	47,545

9 INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss

	2015	2014
	RMB'000	*RMB'000*
Current income tax	**2,163,062**	3,531,305
Deferred income tax	**(850,440)**	(649,941)
	1,312,622	2,881,364

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 for both years, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rates 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.

The total charge for the year can be reconciled to the profit before income tax as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before income tax	**4,105,277**	11,553,011
Tax at domestic income tax rate of 25% (2014: 25%)	**1,026,319**	2,888,252
Tax effect of:		
Share of profits of associates	**(82,807)**	(246,357)
Expenses not deductible for tax purposes	**101,487**	23,030
Income not taxable for tax purposes	**(578,759)**	(171,411)
Tax effect of tax losses not recognised	**1,948,028**	1,382,160
Utilisation of previously unrecognised tax losses	**(641,135)**	(449,086)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment *(Note)*	**–**	(9,700)
Effect of different tax rates of subsidiaries	**(460,511)**	(535,524)
Income tax expense	**1,312,622**	2,881,364

Note:

Pursuant to the relevant tax rules and regulations, certain subsidiaries of the Company can claim PRC income tax credits on 40% of the acquisition cost of certain qualified equipment manufactured in the PRC, to the extent of the PRC income tax expense for the current year in excess of that for the previous year. Such PRC income tax credits are allowed as a deduction of current income tax expenses upon relevant conditions were fulfilled and relevant tax approval was obtained from the relevant tax bureau.

(b) Tax effects relating to each component of other comprehensive income:

		2015			2014	
	Before taxation *RMB'000*	**Taxation credited** *RMB'000*	**Net of taxation** *RMB'000*	Before taxation *RMB'000*	Taxation credited *RMB'000*	Net of taxation *RMB'000*
Currency translation differences	**26,341**	**–**	**26,341**	9,547	–	9,547
Changes in fair value of available-for-sale financial assets	**110,339**	**(29,587)**	**80,752**	86,918	(21,730)	65,188
Shares of associates' other comprehensive (income)/expenses, net	**(19,016)**	**–**	**(19,016)**	82,134	–	82,134
Other comprehensive expenses/(income)	**117,664**	**(29,587)**	**88,077**	178,599	(21,730)	156,869

10 DIVIDENDS

	2015 *RMB'000*	2014 *RMB'000*
Dividends paid	**890,839**	863,844
Proposed final dividend – RMB0.037 (2014: RMB0.165) per share (see below)	**199,764**	890,839

The final dividend of RMB199,763,971.69 in total (pre-tax) has been proposed by the board of directors on 25 March 2016.

The above proposed final dividends are subject to approval of the shareholders of the Company in the forthcoming annual general meeting.

11 EARNINGS PER SHARE – BASIC AND DILUTED

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

	2015	2014
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**1,019,361**	5,919,541

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares in issue	**5,399,026**	5,399,026

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

12 TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables, net of allowance for bad and doubtful debts *(Note (b))*	**29,718,076**	27,306,027
Bills receivables *(Note (c))*	**5,680,291**	7,718,472
Amounts due from customers for contract work	**4,836,005**	3,401,529
Prepaid lease payments	**363,736**	348,244
Other receivables, deposits and prepayments	**29,095,300**	22,198,207
	69,693,408	60,972,479

Notes:

(a) The carrying amounts of the trade and other receivables approximate to their fair values.

(b) The Group normally allowed an average of credit period of 60–180 days to its trade customers. Ageing analysis of trade receivables is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within two months	**7,864,894**	8,752,842
More than two months but within one year	**14,958,975**	14,209,370
Between one and two years	**5,469,809**	3,475,323
Between two and three years	**1,092,681**	550,969
Over three years	**331,717**	317,523
	29,718,076	27,306,027

(c) The bills receivable is aged within six months.

(d) Included in the trade receivables are debtors with a carrying amount of approximately RMB5,006.69 million (2014: approximately RMB5,697.22 million) which are over the credit period at the reporting date for which the Group has not provided allowance for bad and doubtful debts in accordance with the Group's policy and no further impairment loss was made. According to specific analysis, the Group believes the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at 31 December 2015, the retention receivables of approximately RMB234.60 million (2014: approximately RMB105.53 million) and receivables within contractual payment term of approximately RMB19.09 million (2014: approximately RMB301.50 million) with ageing over one year are not past due.

Ageing of trade receivables which are past due but not impaired:

	2015	2014
	RMB'000	*RMB'000*
More than two months but within one year	**3,657,458**	2,045,806
Between one and two years	**760,793**	2,929,310
Between two and three years	**240,356**	430,305
Over three years	**348,084**	291,801
	5,006,691	5,697,222

(e) Movement in the allowance for bad and doubtful debts:

	2015	2014
	RMB'000	*RMB'000*
As at 1 January	**2,485,546**	1,828,664
Additions from acquisition of subsidiaries	**3,334**	146,228
Disposal of subsidiaries	**(36,869)**	–
Allowances for bad and doubtful debts	**548,980**	510,654
As at 31 December	**3,000,991**	2,485,546

(f) Carrying amounts of trade and other receivables were denominated in the following currencies:

	2015	2014
	RMB'000	*RMB'000*
RMB	**68,876,405**	64,378,177
EUR	**254,196**	512,053
PGK	**7,024**	30,583
USD	**306,915**	688,092
KZT	**–**	12,436
AUD	**–**	10,878
GBP	**–**	276,518
Others	**248,868**	165,169
	69,693,408	66,073,906

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted to the report date.

(g) As at 31 December 2015, approximately RMB328.31 million (2014: approximately RMB1,333.96 million) of the trade receivables and approximately RMB44.99 million (2014: approximately RMB149.34 million) of bills receivable have pledged to secure bank loans granted to the Group.

13 TRADE AND OTHER PAYABLES

Ageing analysis of trade and other payables is as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Within two months	**7,640,216**	7,046,574
More than two months but within one year	**7,764,557**	7,893,131
Between one and two years	**2,309,741**	2,540,645
Between two and three years	**497,350**	759,596
Over three years	**694,812**	436,910
Trade payables	**18,906,676**	18,676,856
Bills payables	**10,300,827**	11,782,823
Amounts due to customers for contract work	**491,418**	347,864
Other payables	**16,592,934**	20,464,238
	46,291,855	51,271,781

The carrying amount of trade and other payables approximate to their fair values. Bills payables are aged within six months.

BUSINESS HIGHLIGHTS

The major operating data of each segment of the Group for 2015 and 2014 are set out below:

Cement Segment

China United

	For the year ended 31 December	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**48,300**	50,830
Production volume-clinker *(in thousand tonnes)*	**51,750**	56,820
Sales volume-cement *(in thousand tonnes)*	**43,753**	44,703
Sales volume-clinker *(in thousand tonnes)*	**19,356**	23,091
Unit selling price-cement *(RMB per tonne)*	**195.5**	257.3
Unit selling price-clinker *(RMB per tonne)*	**165.9**	230.4
Sales volume-commercial concrete *(in thousand m^3)*	**29,010**	35,193
Unit selling price-commercial concrete *(RMB per m^3)*	**287.6**	313.2

South Cement

	For the year ended 31 December	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**96,258**	102,589
Production volume-clinker *(in thousand tonnes)*	**88,544**	95,151
Sales volume-cement *(in thousand tonnes)*	**90,649**	90,895
Sales volume-clinker *(in thousand tonnes)*	**23,652**	25,854
Unit selling price-cement *(RMB per tonne)*	**212.1**	249.5
Unit selling price-clinker *(RMB per tonne)*	**159.4**	217.4
Sales volume-commercial concrete *(in thousand m^3)*	**37,503**	46,385
Unit selling price-commercial concrete *(RMB per m^3)*	**312.2**	341.5

North Cement

	For the year ended 31 December	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**16,809**	18,956
Production volume-clinker (in thousand tonnes)	**11,341**	15,697
Sales volume-cement *(in thousand tonnes)*	**16,838**	19,200
Sales volume-clinker *(in thousand tonnes)*	**1,851**	3,552
Unit selling price-cement *(RMB per tonne)*	**289.1**	322.1
Unit selling price-clinker *(RMB per tonne)*	**206.6**	258.0
Sales volume-commercial concrete *(in thousand m^3)*	**2,422**	2,180
Unit selling price-commercial concrete *(RMB per m^3)*	**314.6**	360.9

Southwest Cement

	For the year ended 31 December	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**79,773**	78,902
Production volume-clinker *(in thousand tonnes)*	**57,906**	60,393
Sales volume-cement *(in thousand tonnes)*	**79,539**	79,154
Sales volume-clinker *(in thousand tonnes)*	**2,282**	3,009
Unit selling price-cement *(RMB per tonne)*	**230.7**	254.2
Unit selling price-clinker *(RMB per tonne)*	**196.2**	229.8
Sales volume-commercial concrete *(in thousand m^3)*	**1,044**	1,253
Unit selling price-commercial concrete *(RMB per m^3)*	**253.9**	285.4

Lightweight Building Materials Segment

	For the year ended 31 December	
	2015	2014
Gypsum boards – BNBM		
Production volume *(in million m²)*	**227.8**	229.9
Sales volume *(in million m²)*	**227.2**	235.0
Average unit selling price *(RMB per m²)*	**6.18**	6.65
Gypsum boards – Taishan Gypsum		
Production volume *(in million m²)*	**1,242.8**	1,193.6
Sales volume *(in million m²)*	**1,219.1**	1,202.2
Average unit selling price *(RMB per m²)*	**4.12**	4.58

Glass Fibre And Composite Materials Segment

	For the year ended 31 December	
	2015	2014
Rotor blade		
Production volume *(in blade)*	**6,719**	4,656
Sales volume *(in blade)*	**6,540**	4,564
Average unit selling price *(RMB per blade)*	**383,900**	383,700

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2015, with the slowdown in economic growth, making difficult structural adjustments, and difficult conversion of kinetic energy in the PRC intertwining with each other, there is an existence of both shortage of effective demand and effective supply, creating a notable structural contradiction. The PRC's fixed asset investment increased by 10% as compared with the same period last year, accounting for a drop of 5.7 percentage points year-on-year; among which, infrastructure construction increased by 17.2% as compared to the same period last year, accounting for a drop of 4.3 percentage points year-on-year; and investment in real-estate development increased by 1.0% as compared with the same period last year, accounting for a drop of 9.5 percentage points year-on-year. As a result, an obvious drop in the demand for building material industry. Cement industry has recorded a first decline in 25 years, accounting for a decline of 5.3% year-on-year.

In 2015, under the Board's precise decision-making and leadership, the management team led our staff through various pressure and challenges including the economic downturn, the in-depth adjustment in the industry, the significant imbalance between the supply and demand, the intensification of overcapacity, significant drop in price, malignant competition etc. to overcome difficulties based on the principle of "integration and optimization, profit raising and gearing reduction" by timely adjusting the operating strategy and comprehensively carrying out various works including market promotion, management integration and reform and upgrade. According to IAS, for the year 2015, the Group's consolidated operating revenue amounted to RMB100,291.6 million, representing a decrease by17.8% as compared to the same period last year whereas the profit attributable to equity holders of the Company amounted to RMB1,019.4 million, representing a decrease by 82.8 % as compared to the same period last year. With its unity, endeavours and burdens of the management and the entire staff in the last year, our results were hard-earned. Meanwhile, I hereby express my heartfelt gratitude to all our Shareholders for their lasting trust and great support.

On behalf of the Board, I am pleased to present the Company's 2015 Annual Report and major results to you.

The year of 2015 is a significant year for the Company in terms of both renovation and innovation, and transformation and upgrading as well as a striving year that we both seek progress and overcome difficulties. Under the "Entanglement of three stages" in the PRC economy, CNBM proactively responded to the complex situation including the increasing pressure brought by the current economic downturn, with an in-depth integration of traditional industry. For the cement segment, it endeavored to overcome the extreme difficulties including the drop in sales volume, price and profit, comprehensively implemented high-level and meticulous co-opetition and promoted staggering production and kiln suspension and limited production in order to stabilize the price, increase the sales volume and safeguard the market share by all possible means while working on the supply and mitigating the imbalance between supply side and demand and promoting the stability of the price; promoted the reformation and upgrade, proactively explored the smart production pattern, further strengthened the core profit-making fields, safeguarding the market's health and pushed the development towards a four-modernization direction of "high-grade oriented, specialty oriented, ready-mixed concrete oriented and cement products oriented". For the non-cement segment, CNBM developed "three new" businesses bringing the gypsum board business, glass fibre business, rotor blade business, carbon fibre and solar photovoltaic to a new stage.

The entire Company captured the deep management integration, implemented "Eight Working Methods", established "Six-star Enterprise", formulated "methods of increasing, saving and reducing", continuously implemented cost and expense control plan and reduced cost through various means including procurement centralization, energy conservation and consumption reduction and technical update. The Company adhered to the principle of "simplified organization and capable personnel" and deeply pushed forward the "Four Reduction" work, namely hierarchy reduction, organization reduction, excess staff reduction and vehicle reduction in order to further upgrade the cost competitiveness and organization competitiveness.

In the coming year, we will cohesively embrace opportunities and challenges with a strong confidence.

The year 2016 is the first year of the "Thirteenth Five-year Plan" of the PRC. The central government of the PRC will adhere to the general tone of making progress while ensuring stability. The anticipated target of the growth in GDP is expected to be about 6.5–7%, which should provide support to the demand in the building materials market. The "Thirteenth Five-year Plan" is an important period for transformation and structure adjustment. As the plateau of the new normal will continue for a long term and the in-depth adjustment in building material industry, the situation of the industry will remain severe and the imbalance of overcapacity will remain significant. Meanwhile, the "Thirteenth Five-year Plan" is also a rare bridging period of market plateau and a prime transformation period. On the one hand, the central government of the PRC is vigorously promoting the production capacity of cement industry, containing the blind expansion of the production capacity of cement industry by strictly enforcing the mandatory standards of energy consumption quota and pollutants emission, and constantly promoting the peak production of cement clinker in a comprehensive way in the heating season in northern heating areas. On the other hand, the central government of the PRC is enhancing the structural reformation of the supply side, pushing forward the reorganization of business, disposal of "zombie companies", reduction of tax cost for enterprises and substantial actions and measures including encouraging the development of real economy and cultivating carbon emission market. The relationship between supply and demand is expected to improve. At the same time, in order to achieve the goal towards economic development, the central government of the PRC will thoroughly search for the potentials of the domestic demand by adopting new mindset and measures and boost the demand for building material industry.

In 2016, facing the opportunities and challenges, the Group will comprehensively push forward the "quality and efficiency enhancement and transformation and upgrade", take "profit and efficiency as the first priority" as the principle, grasp the five main lines of "price stabilization, cost reduction, receivables collection, inventory control and adjustment", adhere to the principle of"preparation, meticulosity, refinement, solidity", endeavor to accomplish "Four Execution & Four Control" and "Four Increase & Four Reduction", organize management activities under the theme of strengthening internal management, augment its cadre, culture, "Dual Simplification" and benchmarking, endeavor to upgrade the management standard and repay the Shareholders and society with the financial results in full effort.

Song Zhiping
Chairman of the Board

Beijing, the PRC
25 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The business segments and the major operating entities of each business segment for the Group as at the date of this report are summarized as follows:

Business segments	Major products and services	Major operating entities attributable to the Company	Direct and indirect equity interests held by the Company
Cement	NSP cement and commercial concrete	China United	100.00%
		South Cement	80.00%
		North Cement	70.00%
		Southwest Cement	70.00%
Lightweight building materials	Dry wall and ceiling system	BNBM	45.20%
Glass fibre and composite materials	Rotor blades	China Composites	100.00%
	Glass fibre	China Jushi	26.97%
Engineering services	Design and engineering EPC services: Float glass production lines and NSP cement production lines	China Triumph	91.00%

Note:

(1) As at the date of this report, the Company contributed 93.09% of the paid-up capital of China Triumph. Upon completion of the capital contribution by all shareholders, the Company's equity interest in China Triumph shall be 91%.

In 2015, the Group endeavored to overcome numerous difficulties brought by the decrease in demand, severe overcapacity and significant drop in price, and comprehensively promote the production and operation, deep management integration, acceleration of transformation and upgrade based on the four fundamental principles, namely "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". In 2015, the total sales volume of cement and clinker decreased by 4.0% year on year to 279.6 million tonnes, commercial concrete sales volume decreased by 18.2% year on year to 71.2 million m^3, gypsum board sales volume increased by 0.6% year on year to 1,446 million m^2, glass fibre total sales volume increased by 4.0% year on year to 1.06 million tonnes;. The revenue of the Group decreased by 17.8% year on year to RMB100,291.6 million and the profit attributable to the equityholders of the Company decreased by 82.8% year on year to RMB1,019.4 million.

CEMENT SEGMENT

In 2015, under the increasing pressure brought by the national economy decline, the downturn of fixed asset investment, the sluggish performance of infrastructure construction and cliff-like decline in real-estate investment, the demand for cement experienced the first significant negative growth in the last 25 years. As a result, the national cement production decreased by 5.3% year on year to 2.36 billion tonnes, indicating the demand for cement reached a plateau. The overall national cement price was in a downward trend and the industry was stuck in difficult situation of significant profit decline, resulting in continuously low capacity utilization.

The central government of the PRC highly valued the solution for overcapacity in the cement industry and was determined to suppress newly-added production capacity and eliminate obsolete production capacity. Besides, the state increasing valued the treatment for air pollution, pushed forward paced production in certain regions and continuously encouraged enterprises to conserve energy and reduce emissions and intensify the elimination through mandatory pollutant emission standard. In 2015, the investment in the cement industry of China decreased by 11.02% year on year. The newly-added production capacity of clinkers was 49.45 million tonnes, representing a year-on-year decrease by 30%, with a total phased out obsolete cement production capacity of approximately 38 million tonnes. Meanwhile, the central government of the PRC further launched tax preferential policies and supported merging and reorganization of enterprises and optimize the market environment in order to enhance industry integration and further increase industry concentration, while the total market shares of 58% concentration of the top ten cement companies. (source of information: NBS, MIIT and China Cement Association)

In 2015, the Group proactively responded to the challenges including the decrease in the demand of the cement industry, price drop, overcapacity, imbalance between supply and demand, insisted on the business ideology of "PCP", further executed the principle of "integration and optimization, profit raising and debt reduction", proactively push forward the determination of sales based on demand and the determination of production based on sales and paced production and strictly executed kiln suspension resulting in a mitigation for the imbalance between the supply and demand in certain extend; closely monitored KPI, actively advocated industry self-regulation, comprehensively pushed forward high-level and meticulous co-opetition and deeply strengthened lean production and delicacy management; innovated reorganization pattern, enhanced resources integration, accelerated the development of "Four Modernizations" of cement and pursued the transformation and upgrade of cement industry. As of the end of 2015, the production capacity of cement reached 407 million tonnes.

China United

China United adhered to the "PCP" business ideology and regional implementation of policies, and put effort on suppressing significant drop of the price; proactively push forward the marketing innovation, solidified the existing market and mainly focused on developing the market of villages and rural areas.

Comprehensively pushing forward the in-depth management integration produced a marked effect of "Four Reduction". Through optimizing governance structure of subsidiaries and establishing small regional cooperation mechanism, it pushed forward management compression; implemented the platform-based integration of the management of commercial concrete companies and established the "management platform + mixing station" organization model; downsized the institution and staff and constantly improved the work performance through three levels, namely headquarter, operation management area and enterprise; pushed forward the vehicle reform to reduce expenses and increase profit; firmly grasped the account receivables, implemented responsibility system and established regulatory management through systems; reasonably controlled inventory and lowered the opportunity of fund misappropriation.

By promoting technological innovation and energy conservation and emission reduction, Tai'an China United was honored as the "smart manufacturing pilot demonstrated enterprise" by the MIIT; it pushed forward the extension of industrial chain and speeded up the expansion of its presence in aggregate business which increased the overall profit. As of the end of 2015, the cement production capacity reached 103 million tonnes.

South Cement

South Cement adhered to the business ideology of "PCP", strengthened the management of the supply side, advocated industry self-regulation and normalization of production restriction, endeavored to resolve the difficult situation of the downturn of price and maintained the stability of the market share; pushed forward high-level and meticulous co-opetition with full effort and devoted every effort to stabilized the price, increased the sales volume and safeguarded the market share.

It deeply pushed forward the in-depth management integration, implemented market setback mechanism and reduced cost in all aspects. It enhanced the collective management of procurement and reduced the purchase price of raw materials and fuel; comprehensively implemented "Four Reduction" work, constantly optimized the "Three Formulations" plan and increased the labor productivity; enhanced the collective management of financing; strengthened the capital budget and optimized the financial structure to reduce financial cost; strengthened the clearance and collection efforts of receivables and strengthened the inventory management of spare parts.

Initial success was achieved for the investigation of operational model of commercial concrete. South Cement continued to promote optimization of upgrading project construction and mine resources integration, thereby further enhancing integrated competitiveness and sustainable development ability of the enterprise. As of the end of 2015, production capacity of cements reached 149 million tonnes.

North Cement

Encountering the atypical and severe market conditions in north eastern area, North Cement insisted on the "PCP" business ideology without waver, actively promoted normalization of paced production, and comprehensively carried forward high level and meticulous co-opetition to jointly maintain benefits for the industry. "One District, One Policy" system is adopted in sales and marketing to actively develop blind spots in the market for the enhancement of market concentration.

North Cement seized to promote deep management integration, integrated regional layouts and reduced the number of management zones in accordance with the principles of simplified organization and capable personnel, promoted "Four Reduction" in an all-round manner to achieve maximization of market profit in the core profit zone, adequately leveraged the advantages of scale and regional integration, achieved centralization of material procurement, centralization of financial management, centralization of production technology management and centralization of commercial concrete management, and enhanced management and control of account receivables and inventory to enhance quality of receivables collected.

North Cement further integrated mine resources and logistics of clinker. As of the end of 2015, production capacity of cements reached 32.47 million tonnes.

Southwest Cement

Southwest Cement adhered to the "PCP" business ideology to guide the adjustment of supply side, and insisted on high-level and meticulous co-opetition to bring points to surface and carried out integration, optimized sales and marketing system, and innovated sales channels to improve sales volume.

Southwest Cement continued to promote deep management integration to further optimize “3-level procurement” system by setting raw materials procurement as a core. Southwest Cement continued to optimize the centralized procurement process to increase the rate of direct supply so as to further reduce procurement costs, and continued to strengthen lean production to constantly optimize the production technology indicators. “Four Reduction” was commenced in an orderly manner. By optimizing “Three Formulations”, the labor production rate and management rate were effectively improved. Southwest Cement strengthened financial centralization and internal control to reduce financial costs, optimized credit granting system, strengthened accountability and assessment to obtain significant results in account receivables management, fully “solidified” and promoted “zero inventory procurement” to enhance capital turnover rate.

Southwest Cement strengthened technological innovation, successfully carried out the application of HLC in low heat cement to accelerate transformation and upgrading, continued to promote special cements and make further improvement, and achieved differentiated and personalized services to strengthen the sustainability of the enterprise. As of the end of 2015, production capacity of cements reached 120 million tonnes.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

BNBM actively encountered the tremendous changes in the current market conditions, comprehensively promoted the transformation and upgrading of sales system, expanded household installation retails and innovation market on the basis of traditional sales market of project construction and channel distribution, further pushed forward the reform of housing property wall; and insisted on the strategy of commanding height. Following hosting the meeting of APEC, it cooperated with G20 summit to carry out construction of the main conference hall. All adopted in the main conference hall was Dragon anti-formaldehyde gypsum board and light steel framed wall and ceiling system, and enhanced technological innovation. Independent research and development of tough and lightweight technology are the key technology to solve the problem of reduction in unit weight but there was no reduction in the strength of board and the toughness for holding nails, leading to further reduction in costs and promotion of profit. BNBM strengthened technological innovation of application, researched and developed diversified application system, seizing the prominent position in the industry.

CNBM started the “Four Reduction” task to streamline the company and personnel in an all-round manner, and comprehensively implemented cost reduction plan to achieve cost reduction and enhancement of profit, and strengthened the management of account receivables and inventory to reduce fund misappropriation.

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT

Composite materials business

China Composites seized the structural adjustment and favourable recovery in the wind power industry to further deepen the cooperation with major clients, strived to implement innovative driving strategies, actively carried out research and development for new products, and struggled to tap into overseas market. The sales percentage of high-power blades were recorded continuous increase, while technology of high-end carbon fibre became sophisticated, resulting in further improvement on market shares in the PRC. China Composites aimed to seize the prominent position, and the first 6MW carbon fibre blade of high-power rotor blade 68 meters with core intellectual rights in the PRC was successfully launched, becoming the longest blade in the Asia in terms of diameter of the root part, which laid a solid foundation for the domestication of high-power wind power generators.

China Composites continued to promote deep management integration to achieve quality improvement and efficiency enhancement, strengthened the collection of account receivables, inventory and funds, and lowered costs while enhancing profit, thereby increasing the efficiency of capital utilization.

Glass fibre business

China Jushi adopted to market demands and seized market opportunities to comprehensively promote refined management and achieve orderly production, efficiency enhancement, stable quality and cost reduction; it continuously optimized project management method of "increasing, saving and reducing" ("增節降"項目制管理法) and strictly implemented the energy conservation and emission reduction to further reduce costs and increase efficiency; the Company continued to accelerate the adjustment to product structure, stuck to high-end product strategy to increase the proportion of high-end products; it maintained differentiated and featured production to continually improve its competitive strength; safeguard the interests of the existing market and customers and actively develop new markets and customers to improve strategic layout continuously.

The Company adhered to "Going out" strategy. The economic effect and social benefits of the production line of Egypt Phase I were significant. An annual capacity of 80,000 tonnes production line of glass furnace in Egypt is under construction.

ENGINEERING SERVICES SEGMENT

China Triumph grasped the opportunities of industrial upgrade and the "One Belt, One Road" strategy proposed by the State to speed up the overseas layout of new energy businesses including glass, cement engineering and photovoltaic businesses, and proactively promoted the international cooperation of production capacity. It continued to strengthen the upgrade and transformation of traditional glass for glass engineering business based on the principle of "sophistication, power and optimization" (做精、做强、做優) and actively explored high-end glass engineering technology market. Therefore, its shares in the international market were increased continuously; for cement engineering business, the Company strived to become stronger through optimizing its businesses and innovated its operating models of overseas engineering projects on an on-going basis so as to further expand international market. It achieved profitability of overseas engineering business in the long run; the Company promoted the development of new energy engineering business, vigorously pressed ahead with business expansion, operation and management of photovoltaic power station project and consolidated the resources advantages of integrated design and manufacturing platform and photovoltaic integration through capitalizing on synergistic advantages of internal industrial chains. Overseas promotion of CNBM Green Town was effectively carried out.

The Company enhanced technological innovations, promoted the construction of technological platform and the combination of industry, academy and research and concentrated on integrated development of industrial high-end technologies. The achievements of technological research supported the transformation and upgrade of the enterprise and the industry; promoted in-depth integration of management, enhanced quality while increasing efficiency, strengthened refined management and realized cost reduction and profit enhancement.

FINANCIAL REVIEW

Revenue of the Group decreased by 17.8% to RMB100,291.6 million in 2015 from RMB122,011.2 million during 2014. Profit attributable to equity holders decreased by 82.8% to RMB1,019.4 million in 2015 from RMB5,919.5 million during 2014.

Revenue

Our revenue decreased by 17.8% to RMB100,291.6 million in 2015 from RMB122,011.2 million during 2014. The major reason was that the revenue of South Cement decreased by RMB9,432.7 million, revenue of China United decreased by RMB7,736.5 million, revenue of Southwest Cement decreased by RMB2,109.3 million, revenue of North Cement decreased by RMB1,876.2 million, revenue from the lightweight building materials segment decreased by RMB584.7 million, but they were partially offset by the increase in revenue of the glass fibre and composite materials segment amounting to RMB658.7 million and the increase in revenue of Engineering services segment amounting to RMB369.4 million.

Cost of sales

Our cost of sales decreased by 14.7% to RMB75,672.5 million in 2015 from RMB88,732.2 million during 2014. The major reason was that the cost of sales of South Cement of the Group decreased by RMB5,552.4 million, the cost of sales of China United decreased by RMB4,400.7 million, the cost of sales of North Cement decreased by RMB1,177.2 million, the cost of sales of Southwest Cement decreased by RMB957.9 million, the cost of the lightweight building materials segment decreased by RMB626.5 million, but they were partially offset by the increase in the cost of sales of the glass fibre and composite materials segment amounting to RMB471.4 million,the increase in the cost of sales of engineering services segment amounting to RMB218.4 million.

Other income

Other income of the Group increased by 27.1% to RMB6,295.5 million in 2015 from RMB4,954.9 million during 2014. This was primarily due to the government grants increased from RMB1,560.8 million in 2014 to RMB3,444.3 million in 2015, a net gain from change in fair value of financial assets at fair value through profit or loss of the Group increased from RMB316.7 million in 2014 to RMB438.7 million in 2015, but they were partially offset by the decrease in the VAT refunds from RMB2,094.1 million in 2014 to RMB1,281.3 million in 2015.

Selling and distribution costs

Selling and distribution costs decreased by 8.4% from RMB7,760.4 million in 2014 to RMB7,109.8 million in 2015. The major reasons for such decrease were a decrease of RMB422.9 million in transportation costs, a decrease of RMB146.1 million in labor costs, a decrease of RMB96.1 million in expenses for business trips, and a decrease of RMB57.3 million in the expenses for packaging fees.

Administrative expenses

Administrative expenses increased by 5.0% to RMB9,498.5 million during 2015 from RMB9,049.3 million in 2014. This was primarily due to an increase of RMB391.2 million in impairment of goodwill, an increase of RMB193.3 million in research and development expenses, an increase of RMB149.4 million in depreciation and amortisation of intangible assets, but they were partially offset by a decrease of RMB154.2 million in labour costs.

Finance costs

Finance costs decreased by 3.0% to RMB10,532.2 million in 2015 from RMB10,856.6 million in 2014, primarily due to the decrease in interest rates of borrowings.

Share of profits of associates

Our share of profit of associates decreased by 66.4% to RMB331.2 million in 2015 from RMB985.4 million in 2014, primarily due to a decrease in profits of our associated companies in the cement business, but partially offset by an increase in the profit of China Jushi, an associate of the Group.

Income tax expense

Income tax expense decreased by 54.4 % to RMB1,312.6 million in 2015 from RMB2,881.4 million in 2014, primarily due to the decrease in profit before taxation.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 46.5% to RMB1,447.7 million in 2015 from RMB2,707.0 million in 2014, primarily due to the decrease in operating profit in cement segment and light weight building materials segment.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by 82.8% to RMB1,019.4 million in 2015 from RMB5,919.5 million in 2014. Net profit margin decreased from 4.9% in 2014 to 1.0% in 2015.

China United

Revenue

Revenue from China United decreased by 27.8% to RMB20,106.1 million in 2015 from RMB27,842.6 million in 2014, mainly attributable to the decrease in selling price and sales volume of cement products and commercial concrete.

Cost of sales

Cost of sales from China United decreased by 21.9% to RMB15,716.0 million in 2015 from RMB20,116.7 million in 2014, mainly attributable to the decrease in sales volume of cement products and commercial concrete and the decrease in coal prices.

Gross profit and gross profit margin

Gross profit from China United decreased by 43.2% to RMB4,390.1 million in 2015 from RMB7,725.9 million in 2014. Gross profit margin of China United decreased from 27.7% in 2014 to 21.8% in 2015. The decrease in gross profit margin was mainly due to the decrease in selling price of cement products and commercial concrete, which was partially offset by the decrease in coal prices.

Operating profit

Operating profit from China United decreased by 33.9% to RMB3,339.8 million in 2015 from RMB5,051.9 million in 2014. Operating profit margin for the segment decreased from 18.1% in 2014 to 16.6% in 2015. The decrease was primarily due to the decrease in gross profit margin, yet partially offset by the increase in government grants.

South Cement

Revenue

Revenue from South Cement decreased by 21.4% to RMB34,704.9 million in 2015 from RMB44,137.5 million in 2014, mainly attributable to the decrease in selling price and sales volume of cement products and commercial concrete.

Cost of sales

Cost of sales from South Cement decreased by 17.1% to RMB26,917.9 million in 2015 from RMB32,470.3 million in 2014, mainly attributable to the decrease in sales volume of cement products and commercial concrete and the decrease in the coal prices.

Gross profit and gross profit margin

Gross profit from South Cement decreased by 33.3% to RMB7,787.0 million in 2015 from RMB11,667.2 million in 2014. Gross profit margin of South Cement decreased from 26.4% in 2014 to 22.4% in 2015. The decrease in gross profit margin was mainly due to the decrease in selling price of cement products and commercial concrete, which was partially offset by the decrease in coal prices.

Operating profit

Operating profit from South Cement decreased by 50.3% to RMB3,353.9 million in 2015 from RMB6,754.0 million in 2014. Operating profit margin for the segment decreased from 15.1% in 2014 to 9.7% in 2015. The decrease was primarily due to the decrease of gross profit margin.

North Cement

Revenue

Revenue from North Cement decreased by 23.8% to RMB6.011.5 million in 2015 from RMB7887.7 million in 2014, mainly attributable to the decrease in selling price of cement products and commercial concrete and the decrease in sales volume of cement products, which was partially offset by the increase in the sales volume of commercial concrete.

Cost of sales

Cost of sales from North Cement decreased by 21.9% to RMB4,195.7 million in 2015 from RMB5,372.9 million in 2014, mainly attributable to the decrease in sales volume of cement products and the decrease in coal prices, but was partially offset by the increase in sales volume of commercial concrete.

Gross profit and gross profit margin

Gross profit from North Cement decreased by 27.8% to RMB1,815.8 million in 2015 from RMB2,514.8 million in 2014. Gross profit margin of North Cement decreased from 31.9% in 2014 to 30.2% in 2015, mainly attributable to the decrease in selling price of cement products and commercial concrete, but was partially offset by the decrease of coal prices.

Operating profit

Operating profit from North Cement decreased by 25.3% to RMB1,291.4 million in 2015 from RMB1,729.4 million in 2014. Operating profit margin for the segment decreased from 21.9% in 2014 to 21.5% in 2015, primarily due to the decrease in gross profit margin, but was partially offset by the increase in the net gain from change in fair value of financial assets at fair value through profit or loss of the Group.

Southwest Cement

Revenue

Revenue from Southwest Cement decreased by 10.0% to RMB19,058.8 million in 2015 from RMB21,168.1 million in 2014, mainly attributable to the decrease in selling price and sales volume of cement products and commercial concrete.

Cost of sales

Cost of sales from Southwest Cement decreased by 6.7% to RMB13,415.2 million in 2015 from RMB14,373.1 million in 2014, mainly attributable to the decrease in sales volume of cement products and commercial concrete and the decrease in coal prices.

Gross profit and gross profit margin

Gross profit from Southwest Cement decreased by 16.9% to RMB5,643.6 million in 2015 from RMB6,795.1 million in 2014. Gross profit margin of Southwest Cement decreased from 32.1% in 2014 to 29.6% in 2015. The decrease in gross profit margin was mainly due to the decrease in selling price of cement products and commercial concrete, which was partially offset by the decrease in coal prices.

Operating profit

Operating profit from Southwest Cement decreased by 27.2% to RMB3,374.8 million in 2015 from RMB4,636.6 million in 2014. Operating profit margin for the segment decreased from 21.9% in 2014 to 17.7% in 2015, primarily due to the decrease in gross profit margin.

Lightweight building materials segment

Revenue

Revenue from the lightweight building materials segment decreased by 7.6% to RMB7,088.2 million in 2015 from RMB7,672.9 million in 2014. This was mainly attributable to the decrease in the selling price of our main product, gypsum boards, but partially offset by the increase in its sales volume.

Cost of sales

Cost of sales from the lightweight building materials segment decreased by 10.8% to RMB5,184.9 million in 2015 from RMB5,811.5 million in 2014. This was mainly attributable to the decrease in coal price, but partially offset by the increase in sales volume from our main product, gypsum boards.

Gross profit and gross profit margin

Gross profit from the lightweight building materials segment increased by 2.2% to RMB1,903.2 million in 2015 from RMB1,861.4 million in 2014. Our gross profit margin from the lightweight building materials segment increased to 26.9% in 2015 from 24.3% in 2014, mainly due to the decrease in coal price, but partially offset by a reduction of the selling price of gypsum board.

Operating profit

Operating profit from the lightweight building materials segment decreased by 16.6% to RMB1,527.4 million in 2015 from RMB1,830.9 million in 2014. Operating profit margin from this segment decreased to 21.5% in 2015 from 23.9%in 2014, mainly due to the decrease of VAT refunds and the increase of research and development expenses, which was partially offset by the increase in gross profit margin.

Glass fibre and composite materials segment

As China Jushi is an associate but not a subsidiary of the Group, its operating results will not be accounted into our consolidated statements regarding operating results, nor will it be accounted into our segment results of the glass fibre and composite materials segment. Unless otherwise indicated, any reference regarding the operating results of the segment excludes that of China Jushi.

Revenue

Our revenue from the glass fibre and composite materials segment increased by 25.3% to RMB3,260.5 million in 2015 from RMB2,601.8 million in 2014. The main reason is that our revenue from the FRP pipes and tanks business and rotor blade has increased RMB768.0 million, but are partially offset by our revenue decrease in the flooring and shipping business.

Cost of sales

Our cost of sales from the glass fibre and composite materials segment increased by 24.1% to RMB2,424.8 million in 2015 from RMB1,953.4 million in 2014. The main reason is that our cost from the FRP pipes and tanks business and rotor blade has increased RMB596.9 million, but was partially offset by the cost decrease of flooring and shipping business.

Gross profit and gross profit margin

Our gross profit from the glass fibre and composite materials segment increased by 28.9% to RMB835.7 million in 2015 from RMB648.4 million in 2014. Our gross profit margin from the glass fibre and composite materials segment increased to 25.6% in 2015 from 24.9% in 2014.

Operating profit

Operating profit for our glass fibre and composite materials segment increased by 38.0% to RMB421.1 million in 2015 from RMB305.1 million in 2014. The operating profit margin for the segment increased to12.9% in 2015 from 11.7% in 2014, primarily due to the increase in the gross profit margin.

Engineering services segment

Revenue

Our revenue from the engineering services segment increased by 4.8% to RMB7,997.5 million in 2015 from RMB7,628.2 million in 2014, mainly because of an increase in the completed construction services in the period.

Cost of sales

Our cost of sales from the engineering services segment increased by 3.7% to RMB6,112.5 million in 2015 from RMB5,894.1 million in 2014, mainly because of an increase in the completed construction services in the period.

Gross profit and gross profit margin

Our gross profit from the engineering services segment increased by 8.7% to RMB1,885.0 million in 2015 from RMB1,734.0 million in 2014, mainly because of an increase in the completed construction services in the period. Our gross profit margin from the engineering services segment increased to 23.6% in 2015 from 22.7% in 2014, primarily due to the increase in gross profit margin of EPC projects.

Operating profit

Operating profit for our engineering services segment increased by 3.5% to RMB1,074.8 million in 2015 from RMB1,038.3 million in 2014, while the operating profit margin for the engineering service segment of the Group decreased to 13.4% in 2015 from 13.6% in 2014, mainly because of a decrease in discount on acquisition of interests in subsidiaries, but was partially offset by the increase in gross profit margin.

Liquidity and financial resources

As at 31 December 2015, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB108,943.3 million in total.

The table below sets out our borrowings in the periods shown below:

	As at 31 December	
	2015	2014
	(RMB in millions)	
Bank loans	**173,833.8**	177,023.7
Other borrowings from non-financial institutions	**1,093.0**	–
Total	**174,926.8**	177,023.7

The table below sets out the maturities of the Group's borrowings as at the dates indicated:

	As at 31 December	
	2015	2014
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**144,395.6**	139,292.6
Between one and two years	**15,987.0**	24,351.5
Between two and three years	**11,652.4**	6,719.4
Between three and five years (inclusive of both years)	**1,732.2**	5,019.9
Over five years	**1,159.6**	1,640.3
Total	**174,926.8**	177,023.7

As at 31 December 2015, bank loans in the amount of RMB3,071.1 million were secured by assets of the Group with a total carrying value of RMB14,444.9 million.

As at 31 December 2015 and 31 December 2014, we had a debt-to-asset ratio of 53.0% and 55.9%, respectively.

Exchange Risks

Almost all of the Group's businesses were operated in RMB. The Group is not exposed to any significant exchange risks.

Contingent Liabilities

Certain contingent liabilities were not incurred resulting from the Group's provision of guarantee to banks in respect of bank credits used by an independent third party.

Capital Commitments

The following table sets out our capital commitments as at the dates indicated:

	As at 31 December	
	2015	2014
	(RMB in millions)	
Capital expenditure of the Company in respect of acquisition of property, plant and equipment (contracted but not provided for)	**9.9**	166.9
Capital expenditure of the Company in respect of prepaid lease payments (contracted but not provided for)	**–**	12.4

Capital Expenditures

The following table sets out our capital expenditures of the Group for the year ended 31 December 2015 by segment:

		For the year ended 31 December 2015	
		(RMB million)	*% of total*
Cement		**7,154.8**	68.3
Among:	China United	**2,927.5**	27.9
	South Cement	**2,547.7**	24.3
	North Cement	**469.1**	4.5
	Southwest Cement	**1,199.5**	11.5
Commercial concrete		**416.6**	4.0
Among:	China United	**259.7**	2.5
	South Cement	**147.7**	1.4
	North Cement	**1.7**	0.02
	Southwest Cement	**1.5**	0.01
Lightweight building materials		**1,120.6**	10.7
Glass fibre and composite materials		**223.6**	2.1
Engineering services		**415.0**	4.0
Others		**1,143.7**	10.9
Total		**10,474.3**	100.0

CASH FLOW FROM OPERATING ACTIVITIES

For the year 2015, our net cash inflow generated from operating activities was RMB8,302.0 million. Such net cash inflow was primarily due to RMB22,230.6 million of cash flow from operating activities before the change in working capital, primarily partially offset by a RMB7,766.8 million increase in trade receivables and other receivables and a RMB6,765.7 million decrease in trade payables and other payables.

CASH FLOW FROM INVESTING ACTIVITIES

For the year 2015, our net cash outflow from investing activities was RMB12,713.3 million, which was primarily due to the purchase of property, plant and equipment mainly used for the cement and lightweight building materials segments amounting to RMB7,173.3 million in total, expenditure of RMB1,830.9 million for other payables from investment activities and a RMB4,213.2 million of deposits paid.

CASH FLOW FROM FINANCING ACTIVITIES

For the year 2015, we had a net cash inflow from financing activities amounting to RMB4,662.1 million, primarily attributable to a total of RMB219,602.9 million in new borrowings, partially offset by RMB220,648.1 million for repayment of borrowings.

OUTLOOK FOR 2016

In 2016, the central government adapts to the new normal of the economic development and strives to stabilize growth, make structural adjustment, benefit livelihood, prevent risks and strengthen the structural reform in order to ensure the rational operation of the economy. Building material industry is facing in-depth adjustment and the situation is still severe with increasing downside pressure. The Thirteenth Five-year Plan will provide significant opportunities for changing patterns and adjusting structure. The central government proposes to strengthen the structural reforms of supply side. A series of policies will be further implemented such as restrictions on newly-added capacity, elimination of obsolete capacity, suspension of production in winter and normalized restrictions on capacity. Industrial concentration is expected to be further enhanced. On the other hand, the government proposes to explore the construction of infrastructure and major construction projects of the Thirteenth Five-year Plan in relation to railways, highways, water conservation and municipal construction are successively launched; Regional development is enhanced to continuously deepen the construction of "One Belt, One Road" and the integration of urban and rural development. The combined effect of Four Major Segments and Three Strategies continues to reveal and supports rigid demands for the industry.

In 2016, the Group will adhere comprehensively to five operating and management principles of "Improving quality and Increasing Benefit While Transforming and Upgrading", "preparation, meticulosity, refinement, solidity", "Four Execution & Four Control and Four Increase & Four Reduction", "price stabilization, cost reduction, receivables collection, inventory control, structural adjustment" and "profit and efficiency as first priority", so as to vigorously develop the production and operation, continually promote in-depth integration of management and accelerate the transformation and upgrade and technological innovations with an aim to achieve the goals and missions in 2016.

First of all, the Company strengthens to implement five main strategies of "price stabilization, cost reduction, receivables collection, inventory control, structural adjustment" and sticks to price control, "three no-fears and four efforts" and restrictions on production and suspension of production in winter; it adheres to cost efficiency principle and refine operation and management to reduce costs; it attaches great importance to receivables collection and efficiency enhancement and strengthens efforts in settlement to strictly control risks; it sticks to the philosophy of "zero inventory" and reduced inventories to lower the opportunities of fund misappropriation while making structural adjustment to further optimize the organization.

Secondly, the Company continues to promote in-depth integration of management. It persistently implements working ideology of "Four Execution & Four Control and Four Increase & Four Reduction" to strengthen management and continuously promote the integration and optimization of the organization and institution; it firmly pushes forward equity financing and explore new financing models to speed up securitization and asset operation and practically lower gearing ratio.

Thirdly, the Company accelerate the upgrade and technological innovations. It continues to strengthen innovations and transformation of traditional sectors and enhance core profit of cement business; it speeds up the development of "Three New" industries and international business and actively explore and implement "Internet + Dual Innovations + Made in China 2025"; it enhances technological innovations and promote the combination of production and research to expedite the pace of transformation of technological innovation achievements.

CORPORATE GOVERNANCE REPORT

The Company adheres to the domestic and overseas regulations to maintain a high level of corporate governance in compliance with commercial conducts and practices as the core values of the Group. The mechanism of communications and discussions among the management, the Board and the shareholders is further enhanced, and the corporate structure is stable and strong and operated in an effective manner with clear authorization, thereby vigorously safeguarding the healthy operation of the Company and increasing the long-term value for the shareholders.

During the year from 1 January 2015 to 31 December 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 stating 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. Currently, the Board is undertaking the procedure of electing the new session. The 16th Meeting of Third session of the Board convened on 25 March 2016 considered and approved the resolution in relation to the new session of the Board, which was to be considered at the 2015 annual general meeting of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company during the year ended 31 December 2015 ("securities" shall have the meaning as defined in the Listing Rules).

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

AUDIT COMMITTEE

The members of the audit committee of the Company formed pursuant to Appendix 14 of the Listing Rules include Mr. Wu Liansheng (Chairman), Mr. Tang Yunwei and Mr. Sun Yanjun. The principal duties of the audit committee include supervising the Company's financial reporting procedures, internal control and risk management. During the reporting period, the audit committee has operated in accordance with Appendix 14 of the Listing Rules. The audit committee has reviewed the Group's financial statements and results for the year ended 31 December 2015.

DIVIDENDS

The Board recommends the distribution of a final dividend of RMB199,763,971.69 in total (pre-tax) for the period from 1 January 2015 to 31 December 2015 (2014: RMB890,839,333.23 in total (pre-tax)) for Shareholders whose names appear on the Company's register of members on Tuesday, 7 June 2016, representing RMB0.037 per share (pre-tax) (2014: RMB0.165 per share (pre-tax)) based on 5,399,026,262 shares in issue as at 29 March 2016, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information for inclusion in this report. The final amount of the dividend per share will be determined based on the number of shares of the Company in issue as at 7 June 2016.

According to the Articles of Association of the Company, dividends will be denominated and declared in Renminbi. Dividends on Domestic Shares will be paid in Renminbi and dividends on H Shares will be paid in Hong Kong dollars. The relevant exchange rate will be the average middle exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of dividends by the annual general meeting.

The proposed final dividend is subject to approval at the annual general meeting to be held on Friday, 27 May 2016.

In accordance with tax law and relevant requirements under taxation regulatory institutions of the PRC, the Company is required to withhold 10% enterprise income tax when it distributes the final dividend for the period from 1 January 2015 to 31 December 2015 (the "2015 Final Dividend") to all non-resident enterprise shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise shareholders) whose names appear on the H share register of members of the Company on Tuesday, 7 June 2016.

Pursuant to the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong stock exchanges connectivity mechanism" (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Sui [2014] No. 81) (the "Shanghai-Hong Kong Stock Connect Tax Policy") jointly issued by the Ministry of Finance of the PRC, the State Administration of Taxation and China Securities Regulatory Commission, the dividends derived from the investment by a domestic corporate investor in stocks listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") through Shanghai-Hong Kong Stock Connect will be included in its total income and subject to enterprise income tax according to the law. In particular, dividends received by resident enterprises in the Mainland which hold H share for at least 12 consecutive months shall be exempted from enterprise income tax according to the law. In respect of the dividends received by domestic corporate investors, H share companies listed on the Hong Kong Stock Exchange will not withhold relevant tax for such corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

As such, when distributing the 2015 Final Dividend to the domestic corporate investors as the holders of H Shares of the Company whose names appear on the register of shareholders of the Company on Tuesday, 7 June 2016 provided by China Securities Depository and Clearing Corporation Limited ("China Clearing"), the Company shall not withhold tax on dividend for the domestic corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Tentative Measures on Withholding and Payment of Individual Income Tax (《個人所得稅代扣代繳暫行辦法》), the Shanghai-Hong Kong Stock Connect Tax Policy and other relevant laws and regulations and based on the Company's consultation with the relevant PRC tax authorities, the Company is required to withhold and pay 20% individual income tax for the Company's individual H shareholders whose names appear on the register of members of H shares of the Company (the "Individual H Shareholders").

Pursuant to the Shanghai-Hong Kong Stock Connect Tax Policy, for dividends received by domestic individual investors from the investment in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H share companies listed on the Hong Kong Stock Exchange shall withhold and pay individual income tax at a rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from the investment in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the income tax payable shall follow the same requirements in respect of domestic individual investors.

As such, when distributing the 2015 Final Dividend to the domestic individual investors (including domestic securities investment funds) as the holders of H Shares of the Company whose names appear on the register of shareholders of the Company on Tuesday, 7 June 2016 provided by China Clearing, the Company shall withhold and pay individual income tax in accordance with the requirements mentioned above on behalf of the investors.

Pursuant to the Notice on Matters concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the State Administration of Tax and the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by the Stock Exchange, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax arrangements between the countries where they reside and China and the tax arrangements between China mainland and Hong Kong (Macau). The Company will identify the country of domicile of Individual H Shareholders according to their registered address on the H share register of members of the Company on Tuesday, 7 June 2016 (the "Registered Address"). The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows:

- for Individual H Shareholders who are Hong Kong and Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders.

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. If relevant Individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, the Company can assist the relevant shareholder to handle the application for the underlying preferential tax benefits pursuant to the tax treaties, provided that the relevant shareholder shall submit to the Company the information required under the "Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)" (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發<非居民享受稅收協定待遇管理辦法(試行)>的通知》國稅發[2009]124號) (the "Tax Treaties Notice") on or before Wednesday, 14 June 2016. Upon examination and approval by competent tax authorities, the Company will assist in refunding the additional amount of tax withheld and paid.

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will finally withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty.

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will finally withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders.

If the domicile of an Individual H Shareholder is not the same as the Registered Address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Tuesday, 14 June 2016. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notices if they do not provide the relevant supporting documents to the Company within the time period stated above.

Shareholders are recommended to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares of the Company.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders who are eligible to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 27 April 2016 to Friday, 27 May 2016 (both days inclusive), during which period no transfer of shares in the Company will be effected. To be eligible to attend and vote at the forthcoming annual general meeting, holders of H Shares of the Company whose transfers have not been registered shall lodge all the share transfer documents and relevant certificates with the Company's H Share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 26 April 2016 for share registration.

Shareholders whose names appear on the register of members on Tuesday, 7 June 2016 will be eligible for the final dividend. The register of members of the Company will be closed from Thursday, 2 June 2016 to Tuesday, 7 June 2016 (both days inclusive), during such period no share transfer will be registered. In order to qualify for the final dividend mentioned above, holders of H Shares whose transfers have not been registered shall deposit the instrument(s) of transfer and the relevant share certificate(s) at the Company's H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 1 June 2016 to facilitate the share transfer registration. The final dividend is expected to be paid on or before Tuesday, 28 June 2016 to the shareholders whose names appear on the register of members of the Company on Tuesday, 7 June 2016.

MATERIAL TRANSACTIONS

Acquisition of equity interest in Taishan Gypsum through share issuance of BNBM

Reference is made to the transaction in respect of acquisition of equity interest in Taishan Gypsum through share issuance of BNBM to be mentioned in the section headed "Partially-exempted Connected Transactions" of the Company's annual report for the year ended 31 December 2015 (the "2015 Annual Report"), upon the completion of the transaction, the Company's shareholding in BNBM will decrease from approximately 45.20% to approximately 35.84%, therefore, pursuant to Rule 14.29 of the Listing Rules, the transactions contemplated under the framework agreement constitute a deemed disposal of the Company's shareholding in BNBM. The deemed disposal constitutes a discloseable transaction of the Company.

Please refer to the description in the section headed "Partially-exempted Connected Transactions" of the 2015 Annual Report for details of acquisition of equity interest in Taishan Gypsum through share issuance of BNBM. The transaction has been disclosed in the announcement of the Company dated 13 October 2015. As at the date of this announcement, the transaction has not yet completed.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2015, the Group had approximately 134,158 employees.

The remuneration package of the Company's employees includes salary, bonuses and allowances. In accordance with relevant national and local labour and social welfare laws and regulations, the Group is required to pay on behalf of employees, a monthly social insurance premium covering pension insurance, injury insurance, medical insurance, unemployment insurance and housing reserve fund. The Company's remuneration policy for its staff is performance based, taking into account duties and responsibilities while bonus is linked to the overall economic efficiency of the Company.

The Company endeavours to provide training to its employees. On-job training and continuous training plans include management skills and technical training, overseas exchange schemes and other courses. The Company also encourages employees to improve themselves.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE HKSE AND THE COMPANY

In accordance with the requirements under the Listing Rules which are applicable to the reporting period, the 2015 Annual Report containing all information about the Company set out in this preliminary announcement of results for the year ended 31 December 2015 will be posted on the website of the Stock Exchange (website: http://www.hkex.com.hk) on or before 30 April 2016. This information will also be published on the website of the Company (website: http://cnbm.wsfg.hk).

DEFINITIONS

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

"Baker Tilly HK"	天職香港會計師事務所有限公司(Baker Tilly Hong Kong Limited)
"BNBM"	北新集團建材股份有限公司(Beijing New Building Material Public Limited Company)
"Board"	the board of directors of the Company
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Jushi"	中國巨石股份有限公司(China Jushi Co., Ltd., formerly known as China Fiberglass)
"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)
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the directors 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

"Dual Simplification"	simplified organization and capable personnel
"Eight Working Methods"	"Five C", KPI management, counselor system, benchmark management and optimization, "PCP", core profit-generating regions, market competition and cooperation, zero inventory
"Entanglement of three stages"	simultaneously with the slowdown in economic growth, making difficult structural adjustments, and absorbing the effects of the previous economic stimulus policies
"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"	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$
"IFRS"	International Financial Reporting Standards
"KPI"	Key performance index
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"methods of increasing, saving and reducing"	increasing revenue, saving cost and reducing energy consumption
"MIIT"	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)
"North Cement"	北方水泥有限公司 (North Cement Company Limited)

"Northern China"	including (but not limited to) Heilongjiang, Jilin and Liaoning
"NSP"	cement produced by clinker made through the new suspension preheater dry process
"Parent"	中國建築材料集團有限公司 (China National Building Material Group Corporation)
"PCP"	PCP, being Price-Cost-Profit
"PRC"	the People's Republic of China
"preparation, meticulosity, refinement, solidity"	planning operation in advance, implementing plans and accomplishing goals as early as possible; further refining objectives and measures, and formulating specific strategies based on the market and own features; enhancing management, meticulous organisation and delicate management to improve quality and profitability; working solidly to enhance the basis for development and strengthen foundation
"Reporting Period"	the period from 1 January 2015 to 31 December 2015
"RMB"or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both the Domestic Shares and the 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" or "PRC Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taishan Gypsum"	泰山石膏股份有限公司 (Taishan Gypsum Company Limited)
"Three 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
"3-level procurement"	collective procurement by headquarters, regional procurement and self-procurement by enterprises
"Three New"	new building materials, new houses and new energy materials

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

Beijing, the PRC
28 March 2016

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*