CNBM

China National Building Material Company Limited*

中國建材股份有限公司

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

(Stock Code: 3323)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The Group's unaudited consolidated revenue amounted to RMB53,362 million for the six months ended 30 June 2017, representing an increase of 21.0% as compared to the same period of 2016.

The unaudited profit attributable to owners of the Group was RMB885 million, representing an increase of 711.4% as compared to the same period of 2016.

Basic earnings per share was RMB0.164, representing an increase of 711.4% as compared to the same period of 2016. The Board does not recommend the payment of an interim dividend.

The Board of the Company announces the unaudited consolidated results of the Group for the six months ended 30 June 2017 prepared in accordance with the IFRS and the Group's consolidated financial position as of 30 June 2017, together with its consolidated results for the six months ended 30 June 2016 and consolidated financial position as of 31 December 2016 for comparison.

The unaudited consolidated financial information of the Group for the six months ended 30 June 2017 has been reviewed by the independent auditor, the Board and the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
			(restated)
		(unaudited)	(unaudited)
Revenue	3	**53,361,940**	44,103,725
Cost of sales		**(39,804,506)**	(32,814,211)
Gross profit		**13,557,434**	11,289,514
Investment and other income, net	4	**1,182,930**	1,143,156
Selling and distribution costs		**(3,541,436)**	(3,130,611)
Administrative expenses		**(4,320,840)**	(4,127,754)
Finance costs, net	5	**(4,632,578)**	(4,147,894)
Share of profits of associates		**429,726**	238,552
Profit before income tax	6	**2,675,236**	1,264,963
Income tax expense	7	**(847,378)**	(567,335)
Profit for the period		**1,827,858**	697,628
Profit attributable to:			
Owners of the Company		**885,364**	109,114
Holders of perpetual capital instruments		**301,250**	258,250
Non-controlling interests		**641,244**	330,264
		1,827,858	697,628
		RMB	*RMB*
Earnings per share – basic and diluted	9	**0.164**	0.020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Profit for the period	**1,827,858**	697,628
Other comprehensive income/(expense), net of tax:		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(4,946)**	(20,377)
Changes in the fair value of available-for-sale financial assets, net	**48,717**	(302,992)
Shares of associates' other comprehensive expense	**(4,166)**	(4,760)
Other comprehensive income/(expense) for the period, net of tax	**39,605**	(328,129)
Total comprehensive income for the period	**1,867,463**	369,499
Total comprehensive income/(expense) attributable to:		
Owners of the Company	**938,430**	(201,631)
Holders of perpetual capital instruments	**301,250**	258,250
Non-controlling interests	**627,783**	312,880
Total comprehensive income for the period	**1,867,463**	369,499

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (restated) (unaudited)
Non-current assets			
Property, plant and equipment		**129,637,627**	129,095,730
Prepaid lease payments		**14,651,615**	14,660,619
Investment properties		**295,657**	333,500
Goodwill		**42,724,389**	42,604,255
Intangible assets		**7,342,922**	7,259,784
Interests in associates		**10,599,000**	10,715,153
Available-for-sale financial assets		**3,138,529**	3,095,655
Deposits		**4,010,677**	3,522,251
Deferred income tax assets		**4,983,658**	4,821,436
		217,384,074	216,108,383
Current assets			
Inventories		**17,046,627**	15,204,778
Trade and other receivables	10	**79,277,541**	76,582,356
Available-for-sale financial assets		**57,536**	43,998
Financial assets at fair value through profit or loss		**2,671,504**	2,692,941
Amounts due from related parties		**10,360,539**	11,929,052
Pledged bank deposits		**9,006,437**	7,973,769
Cash and cash equivalents		**12,552,539**	10,252,050
		130,972,723	124,678,944

	Note	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (restated) (unaudited)
Current liabilities			
Trade and other payables	11	**49,277,539**	49,360,883
Amounts due to related parties		**9,376,015**	6,108,064
Borrowings – amount due within one year		**141,569,682**	140,802,387
Obligations under finance leases		**4,541,637**	4,935,082
Current income tax liabilities		**1,588,124**	1,885,842
Financial guarantee contracts due with one year		**56,838**	56,981
Dividends payable to non-controlling interests		**372,421**	311,380
		206,782,256	203,460,619
Net current liabilities		**(75,809,533)**	(78,781,675)
Total assets less current liabilities		**141,574,541**	137,326,708
Non-current liabilities			
Borrowings – amount due after one year		**46,226,652**	44,492,436
Deferred income		**963,411**	968,633
Obligations under finance leases		**15,387,357**	14,141,494
Deferred income tax liabilities		**2,154,644**	2,180,470
		64,732,064	61,783,033
Net assets		**76,842,477**	75,543,675

	Note	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (restated) (unaudited)
Capital and reserves			
Share capital		**5,399,026**	5,399,026
Reserves		**37,158,311**	36,434,035
Equity attributable to:			
Owners of the Company		**42,557,337**	41,833,061
Holders of perpetual capital instruments		**12,304,936**	12,003,686
Non-controlling interests		**21,980,204**	21,706,928
Total equity		**76,842,477**	75,543,675

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. GENERAL INFORMATION

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

The address of registered office and principal place of business of the Company is located at Tower 2 (Building B), Guohai Plaza, 17 Fuxing Road, Haidian District, Beijing, the PRC.

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

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the cement, concrete, lightweight building materials, glass fibre and composite materials, and engineering services businesses. Hereinafter, the Company and its subsidiaries are collectively referred to as the "Group".

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

The condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and in compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". This condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016, which has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board.

* *For identification only*

The accounting policies used in this condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

(a) New and amended standards adopted by the Group

The following new standards and amendments to IFRSs are mandatory for the first time adoption for the accounting period beginning on 1 January 2017:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle-various Standards

(b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the accounting period beginning on 1 January 2017, and have not been early adopted by the Group:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle-various standard[1]

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

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

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

[4] Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The Group is in the process of making an assessment of what impact of these amendments and new standards would be in the period of initial application but not yet in a position to state whether these amendments, new or revised standards and interpretations would have significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into six major operating divisions during the period – cement, concrete, lightweight building materials, glass 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

More than 90% of the Group's operations and assets are located in the PRC for the six months ended 30 June 2017 and year ended 31 December 2016.

(a) For the six months ended 30 June 2017:

The segment results for the six months ended 30 June 2017 are as follows:

Unaudited	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*
Revenue								
External sales	32,078,265	11,765,424	4,338,946	744,185	3,773,392	661,728	–	53,361,940
Inter-segment sales *(Note)*	2,284,775	–	2,739	–	167,176	444,944	(2,899,634)	–
	34,363,040	11,765,424	4,341,685	744,185	3,940,568	1,106,672	(2,899,634)	53,361,940
Adjusted EBITDA (unaudited)	**7,905,808**	**1,101,743**	**1,049,908**	**143,331**	**722,828**	**120,132**	**–**	**11,043,750**
Depreciation and amortisation	(3,155,568)	(403,772)	(243,878)	(42,569)	(103,185)	(52,854)	–	(4,001,826)
Unallocated other expense, net								(18,390)
Unallocated administrative expenses								(145,446)
Share of profits/(losses) of associates	121,126	–	(226)	1,716	(254)	307,364	–	429,726
Finance costs, net	(3,547,420)	(652,716)	(36,615)	(16,699)	(252,118)	(147,437)	–	(4,653,005)
Unallocated finance incomes, net								20,427
Profit before income tax								2,675,236
Income tax expense								(847,378)
Profit for the period (unaudited)								**1,827,858**

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

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

(b) As at 30 June 2017:

The segment assets and liabilities as at 30 June 2017 are as follows:

Unaudited	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*
ASSETS								
Segment assets	212,956,841	44,477,840	12,810,440	5,594,462	20,086,661	6,555,183	–	302,481,427
Interests in associates	5,998,154	–	122,524	3,813,906	15,612	648,804	–	10,599,000
Unallocated assets								35,276,370
Total consolidated assets (unaudited)								348,356,797
LIABILITIES								
Segment liabilities	(138,113,420)	(16,074,633)	(3,617,882)	(2,807,830)	(16,922,832)	(8,859,749)	–	(186,396,346)
Unallocated liabilities								(85,117,974)
Total consolidated liabilities (unaudited)								(271,514,320)

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

(c) For the six months ended 30 June 2016:

The segment results for the six months ended 30 June 2016 are as follows:

Unaudited	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	Lightweight building materials *RMB'000* (restated)	Glass fibre and composite materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Eliminations *RMB'000* (restated)	Total *RMB'000* (restated)
Revenue								
External sales	25,769,201	9,681,301	3,419,734	986,170	3,467,286	780,033	–	44,103,725
Inter-segment sales *(Note)*	1,930,086	–	221	–	200,819	548,889	(2,680,015)	–
	27,699,287	9,681,301	3,419,955	986,170	3,668,105	1,328,922	(2,680,015)	44,103,725
Adjusted EBITDA (unaudited)	6,131,303	1,318,638	971,676	132,799	624,383	(12,777)	–	9,166,022
Depreciation and amortisation	(3,118,420)	(455,777)	(224,022)	(41,023)	(88,855)	(51,046)	–	(3,979,143)
Unallocated other income, net								113,098
Unallocated administrative expenses								(125,672)
Share of profits/(losses) of associates	(17,460)	–	937	1,693	(290)	253,672	–	238,552
Finance costs, net	(3,328,429)	(623,263)	(43,964)	(16,208)	(179,139)	(127,483)	–	(4,318,486)
Unallocated finance incomes, net								170,592
Profit before income tax								1,264,963
Income tax expense								(567,335)
Profit for the period (unaudited)								697,628

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

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

(d) As at 31 December 2016:

The segment assets and liabilities as at 31 December 2016 are as follows:

Unaudited	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	Lightweight building materials *RMB'000* (restated)	Glass fibre and composite materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Eliminations *RMB'000* (restated)	Total *RMB'000* (restated)
ASSETS								
Segment assets	209,435,150	43,283,317	12,293,214	5,622,909	17,272,276	6,246,408	–	294,153,274
Interests in associates	6,255,073	–	125,763	3,671,836	17,688	644,793	–	10,715,153
Unallocated assets								35,918,900
Total consolidated assets (unaudited)								340,787,327
LIABILITIES								
Segment liabilities	(140,452,555)	(14,362,338)	(3,396,137)	(3,168,229)	(16,990,015)	(8,156,158)	–	(186,525,432)
Unallocated liabilities								(78,718,220)
Total consolidated liabilities (unaudited)								(265,243,652)

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**10,923,618**	9,178,799
Adjusted EBITDA for other segment	**120,132**	(12,777)
Total segments profit	**11,043,750**	9,166,022
Depreciation of property, plant and equipment, and amortisation of intangible assets and prepaid lease payments	**(4,001,826)**	(3,979,143)
Corporate items	**(163,836)**	(12,574)
Operating profit	**6,878,088**	5,174,305
Finance costs, net	**(4,632,578)**	(4,147,894)
Share of profits of associates	**429,726**	238,552
Profit before income tax	**2,675,236**	1,264,963

4. INVESTMENT AND OTHER INCOME, NET

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Increase/(decrease) in fair value of financial assets at fair value through profit or loss	**48,563**	(429,867)
Government subsidies:		
– VAT refunds *(Note (a))*	**384,866**	520,499
– Government grants *(Note (b))*	**191,484**	631,146
– Interest subsidy	**1,999**	18,654
Net rental income	**61,130**	151,211
Gain on disposal of other investments	**6,518**	1,377
Gain on disposal of interests in associates	**92,194**	–
Gain on disposal of subsidiaries, net	**58,435**	–
Claims received	**14,529**	10,583
Waiver of payables	**45,217**	8,402
Others	**277,995**	231,151
	1,182,930	1,143,156

Notes:

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

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

5. FINANCE COSTS, NET

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Interest expenses on bank borrowings:		
– wholly repayable within five years	**2,691,381**	2,451,404
– not wholly repayable within five years	**5,956**	11,885
	2,697,337	2,463,289
Interest expenses on bonds, other borrowings and finance leases	**2,167,422**	2,080,463
Less: interest capitalised to construction in progress	**(78,688)**	(139,232)
	4,786,071	4,404,520
Interest income:		
– interest on bank deposits	**(125,888)**	(233,146)
– interest on loan receivables	**(27,605)**	(23,480)
	(153,493)	(256,626)
Finance costs, net	**4,632,578**	4,147,894

6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment, and amortisation of intangible assets and prepaid lease payments	**4,026,778**	4,004,042
Depreciation of investment properties	**4,769**	5,005
Allowance for bad and doubtful debts	**152,958**	211,450
Staff costs	**4,488,017**	4,517,762
Loss/(gain) on disposal of property, plant and equipment, investment properties, intangible assets and prepaid lease payments, net	**32,246**	(38,227)
Net foreign exchange gains	**(54,711)**	(55,919)

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax	**1,031,543**	728,288
Deferred income tax	**(184,165)**	(160,953)
	847,378	567,335

PRC income tax is calculated at 25% (2016: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate of 15% (2016: 15%) entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

Taxation on profits outside the PRC has been calculated on the estimated assessable profits for the six months ended 30 June 2017 and 2016 at the rates of taxation prevailing in the countries in which the Group operates.

8. DIVIDENDS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends	**232,158**	199,764

During the period, a dividend amounting to approximately RMB232.16 million (six months ended 30 June 2016: approximately RMB199.76 million) was announced as the final dividend for the immediate preceding financial year.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**885,364**	109,114

	Six months ended 30 June	
	2017	2016
	'000	*'000*
	(unaudited)	(unaudited)
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 periods.

10. TRADE AND OTHER RECEIVABLES

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (restated) (unaudited)
Trade receivables, net of allowance for bad and doubtful debts	**32,797,332**	30,294,756
Bills receivable	**10,747,648**	8,550,735
Amounts due from customers for contract work	**6,900,943**	6,109,450
Prepaid lease payments	**347,720**	358,573
Other receivables, deposits and prepayments	**28,483,898**	31,268,842
	79,277,541	76,582,356

The Group normally allowed an average of credit period of 60 to 180 days to its trade customers except for customers of engineering services segment, the credit period are normally ranging from 1 to 2 years. Ageing analysis of trade receivables is as follows:

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (restated) (unaudited)
Within two months	**9,935,007**	6,074,082
More than two months but within one year	**15,239,154**	16,564,969
Between one and two years	**5,171,886**	5,550,258
Between two and three years	**1,707,545**	1,532,729
Over three years	**743,740**	572,718
	32,797,332	30,294,756

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

11. TRADE AND OTHER PAYABLES

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

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Within two months	**6,234,595**	4,336,387
More than two months but within one year	**9,780,576**	11,237,743
Between one and two years	**2,089,524**	2,608,584
Between two and three years	**771,730**	749,689
Over three years	**895,346**	860,710
Trade payables	**19,771,771**	19,793,113
Bills payable	**13,855,770**	13,077,193
Amounts due to customers for contract work	**650,541**	495,578
Other payables	**14,999,457**	15,994,999
	49,277,539	49,360,883

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

BUSINESS REVIEW AND OUTLOOK

The summary of major operating data of each segment of the Group for the six months ended 30 June 2017 and 30 June 2016 is set out below:

Cement Segment

China United

	For the six months ended 30 June	
	2017	2016
Production volume – cement *(in thousand tonnes)*	**27,327**	25,890
Production volume – clinker *(in thousand tonnes)*	**24,530**	24,450
Sales volume – cement *(in thousand tonnes)*	**24,516**	23,821
Sales volume – clinker *(in thousand tonnes)*	**5,879**	8,551
Unit selling price – cement *(RMB per tonne)*	**259.3**	181.2
Unit selling price – clinker *(RMB per tonne)*	**242.8**	142.7
Commercial concrete sales volume *(in thousand m^3)*	**17,251**	14,401
Unit selling price-commercial concrete *(RMB per m^3)*	**300.2**	262.0

South Cement

	For the six months ended 30 June	
	2017	2016
Production volume – cement *(in thousand tonnes)*	**42,727**	44,923
Production volume – clinker *(in thousand tonnes)*	**37,550**	40,270
Sales volume – cement *(in thousand tonnes)*	**39,565**	41,418
Sales volume – clinker *(in thousand tonnes)*	**12,063**	12,053
Unit selling price – cement *(RMB per tonne)*	**228.7**	183.7
Unit selling price – clinker *(RMB per tonne)*	**220.5**	144.0
Commercial concrete sales volume *(in thousand m^3)*	**18,657**	18,533
Unit selling price – commercial concrete *(RMB per m^3)*	**316.8**	287.9

North Cement

	For the six months ended 30 June	
	2017	2016
Production volume – cement *(in thousand tonnes)*	**5,226**	6,989
Production volume – clinker *(in thousand tonnes)*	**5,023**	5,456
Sales volume – cement *(in thousand tonnes)*	**5,323**	7,030
Sales volume – clinker *(in thousand tonnes)*	**1,303**	1,277
Unit selling price – cement *(RMB per tonne)*	**301.5**	252.5
Unit selling price – clinker *(RMB per tonne)*	**266.6**	195.0
Commercial concrete sales volume *(in thousand m^3)*	**891**	896
Unit selling price – commercial concrete *(RMB per m^3)*	**312.4**	292.7

Southwest Cement

	For the six months ended 30 June	
	2017	2016
Production volume – cement *(in thousand tonnes)*	**40,981**	41,112
Production volume – clinker *(in thousand tonnes)*	**30,600**	29,728
Sales volume – cement *(in thousand tonnes)*	**40,681**	40,376
Sales volume – clinker *(in thousand tonnes)*	**1,264**	1,084
Unit selling price – cement *(RMB per tonne)*	**243.0**	211.1
Unit selling price – clinker *(RMB per tonne)*	**222.5**	188.8
Commercial concrete sales volume *(in thousand m^3)*	**613**	623
Unit selling price – commercial concrete *(RMB per m^3)*	**267.9**	260.1

Lightweight Building Materials Segment

	For the six months ended 30 June	
	2017	2016
Gypsum boards – BNBM		
Production volume *(in million m^2)*	**144.4**	115.0
Sales volume *(in million m^2)*	**139.8**	117.3
Average unit selling price *(RMB per m^2)*	**6.11**	5.94
Gypsum boards – Taishan Gypsum		
Production volume *(in million m^2)*	**728.3**	597.9
Sales volume *(in million m^2)*	**713.1**	606.3
Average unit selling price *(RMB per m^2)*	**4.23**	3.88

Glass Fiber and Composite Materials Segment

	For the six months ended 30 June	
	2017	2016
Rotor blade		
Production volume *(in blade)*	**1,192**	1,844
Sales volume *(in blade)*	**936**	1,668
Average unit selling price *(RMB per blade)*	**477,400**	446,300

OVERVIEW OF THE FIRST HALF OF THE YEAR

Industry Development Summary and Business Review

In the first half of 2017, in light of the complex and changing situations at home and abroad, the PRC Government insisted on the general principle of seeking progress while maintaining stability, and placed the focus on promoting supply-side structural reform. Thanks to these efforts, China's economy operated within a reasonable range and presented a more obvious upward trend amid stable performance. In the first half of the year, China' GDP grew 6.9% year on year, while fixed-asset investment rose 8.6% year on year, with a decrease of 0.4 percentage point in growth rate. In particular, the infrastructure investment grew 21.1% year on year, with an increase of 0.2 percentage point in the growth rate, remaining at high levels. The property development investment grew 8.5% year on year, with an increase of 2.4 percentage points in the growth rate, which supported the stable demand of the building materials industry. Driven by the supply-side reform, the price of cement, the principal product of the Group, continued to rise steadily, and there was an obvious increase in profit of the industry.

In the first half of 2017, the Group proactively coped with the challenges posed by the complicated economic scenario, cessation of increase in demand and excess capacity in the industry. Closely centering on the four operation and management principles of "integration and optimisation, quality and efficiency enhancement", "preparation, meticulosity, refinement and solidity, action first", "price stabilisation, quantity guarantee, cost reduction, receivables collection, inventory control and adjustment", and "profit and efficiency as first priority", the Group exerted great efforts on the market and insisted on the business ideology of "PCP" to stabilise and raise price and increase sales volume. In addition to attaching great importance to management integration, the Group implemented a number of measures for cost reduction and efficiency enhancement including further promotion of streamlining of organisations, thorough implementation of "Four Reductions & Two Simplifications" (i.e. reduction of hierarchical levels, organisational units, excess staff and vehicles; and simplified organization and capable personnel), and strict control over the size of "Two Funds". While quickening adjustment and transformation and vigorously promoting the supply-side reform, the Group expedited the "Four Modernisations" of cement and the layout of "Three Curves" and further optimised the industrial structure. Furthermore, the quality and level of the Group's international operations were constantly enhanced due to the proactive and steady implementation of the "Belt and Road" strategy and the establishment of the "Going Global" new model. In the first half of the year, compared with the same period last year, the sales volume of cement and clinker of the Group decreased by 3.6% to 131.5 million tonnes, the sales volume of commercial concrete increased by 9.4% to 38.3 million cubic metres, the sales volume of gypsum board increased by 17.8% to 853 million square metres, the sales volume of rotor blades decreased by 43.9% to 936 pieces and the sales volume of fiberglass increased by 13.0% to 0.63 million tonnes. The revenue of the Group amounted to RMB53,361.9 million, representing a 21.0% increase year on year. Profit attributable to equity holders of the Company amounted to RMB885.4 million, representing a 711.4% increase year on year.

Cement Segment

Review of the cement industry in the PRC in the first half of 2017

In the first half of 2017, underpinned by capital construction and real estate, the demand of cement maintained stable at a high level. The production volume of cement in the PRC amounted to 1.11 billion tonnes, representing a 0.4% increase year on year. Under the guidance of the Notice on Further Promotion of Peak Shifting Production of Cement (關於進一步做好水泥錯峰生產) jointly published by the MIIT and the MEP, the supply end was effectively controlled and the imbalance between supply and demand was alleviated through peak shifting production and industrial self-discipline, resulting in steady rise in the price. The industry-wide profit totalled RMB33.4 billion, representing an increase of 248% as compared with the same period last year.

In February 2017, various ministries and authorities under the State Council jointly issued the Plan on Special Supervision of Elimination of Obsolete Production Capacity in the Cement and Glass Industries (水泥玻璃行業淘汰落後產能專項督查方案) to implement special supervision over the nationwide implementation of the policies set out in Guo Ban Fa [2016] No. 34 Document (國辦發[2016] 34號) and relevant policies on elimination of obsolete production capacity to promote the supply-side reform of cement industry, and the in-depth structural adjustment, transformation and upgrading. In the first half of 2017, the investment in cement amounted to RMB32.4 billion, representing a year-on-year decrease of 17.3%; it was expected that the additional production capacity for clinker in the PRC would amount to 5.43 million tonnes, representing a year-on-year decrease of 50% (Sources: NBS, MEP, China Cement Association (中國水泥協會) and Digital Cement).

Review of the cement segment business of the Group in the first half of 2017

For the cement segment, the Group proactively rose up to the challenges posed by cessation of increase in demand and excess capacity in the industry. By adhering to the business ideology of "PCP", the Group actively practised peak shifting production and industrial self-discipline to slow down price decline in the slack season and facilitate price recovery in the peak season; marketing strategy was continuously optimised to consolidate the infrastructure market and steadily place the focus on key projects; owing to the continued implementation of "streamlining of organisations" and "Four Reductions & Two Simplifications", the regional management integration showed further effects; the proactive promotion of supply-side structural reform and the accelerated "Four Modernisations" development drove the enhancement of industrial standards. The Group intensified the development of special cement segment, customised services and the construction of a commercial concrete platform, optimised the "central station + individual station" management model, and explored regional synergic mechanisms. Furthermore, the Group set foot in aggregate business and promoted the technology of co-treatment of wastes in cement kilns.

China United

China United, adhering to the "PCP" business ideology, made great efforts to maintain a good market order and promote the cement price to rise in stabilisation. It proactively normalised peak shifting production and resolutely implemented controlling clinker, stabilizing high-end product sales and expanding low-end product sales to achieve proactive adjustment to balance of supply and demand. As China United accelerated its pace of Going Global, its clinker production line in Mongolia with a daily production capacity of 2,500 tonnes was in smooth operation.

The costs and expenses management was refined and further efforts were exerted to strengthen reduction of purchase costs, production costs and technical transformation costs; the intensified management of accounts receivable generated better effects in recovery of accounts receivable.

In addition to proactive extension of industrial chain and accelerated development of aggregate business, China United executed collaborative sales of cement, concrete and aggregate and tried to promote comprehensive utilisation projects to foster new profit drivers.

South Cement

By firmly practicing the business ideology of "PCP", South Cement proactively implemented peak shifting production, production limitation, connection of large and small kilns and exchange of clinker, which effectively relieved the contradiction of excess capacity and promoted rational recovery of price. It vigorously maintained and developed the basic market and large terminal markets, proactively made an overall plan for the key engineering markets and beefed up cross market management and reasonable allocation of resources, resulting in steadily increase in the market share of core market. With the exploration and construction of a specialised regional commercial concrete sales platform, and optimisation of the "central station + individual station" management model, South Cement actively impelled the construction of core profit-generating regions to enhance competitiveness.

South Cement increased efforts on assets operation to further improve quality and enhance efficiency. With a close eye on the costs and expenses saving plan, it strengthened the control over purchase, logistics and production costs; the consolidation of basic financial management and improvement of financial centralisation promoted the comprehensive budget management. The credit risk management and management and control of Two Funds were also reinforced to strictly control capital expenditure.

South Cement effectively conducted integration and construction of mine resources to proactively extend its business chain.

North Cement

Given the grim situation of continued sharp fall in demand, serious excess capacity, and prominent contradiction between supply and demand, North Cement thoroughly implemented the business ideology of "PCP" and strictly practised peak shifting production to promote the stabilisation and rational recovery of cement price.

In promoting regional integration, it completed the combination of Harbin and Northern Heilongjiang management areas to further enhance management efficiency. The internal management was optimised to further streamline organisations and personnel.

North Cement proactively pushed forward the development of aggregate business to further extend its business chain.

Southwest Cement

Upholding the ideology of "PCP", Southwest Cement proactively practised peak shifting production to effectively improve the relation between supply and demand and maintain a stable price. The competitiveness in the terminal market was enhanced by intensifying "stabilisation of stocks, procural of increment and maintenance of share", overall plan and seizure of key projects, and refinement of distributor management.

Under the proactive efforts of Southwest Cement to promote regional integration, Sichuan Southwest Cement and Chongqing Southwest Cement were merged to become Chuanyu Southwest Cement, which helped to improve internal synergies and market competitiveness. By proactive implementation of "Four Reductions & Two Simplifications", Southwest Cement further optimised its organisational structure and personnel. Management of coal and inventory control was intensified and new achievements were made in reduction of purchase costs. It promoted "low cost" management to achieve all-round cost reduction and efficiency enhancement; centralised management of funds was continuously implemented to enhance the efficiency in capital utilisation. Southwest Cement strengthened the management of taxation and accounts receivable and obtained practical effects in taxation plan and management and control of Two Funds.

Southwest Cement intensified innovation, continuously carried out industrial test of HLMC cement, and focused on the special cement segment while accelerating adjustment and transformation.

Lightweight Building Materials Segment

Review of the Group's lightweight building materials business in the first half of 2017

Thoroughly implementing the business ideology of "PCP" and attaching great importance to strategy, BNBM continued to intensify brand marketing to realise price rise and stabilisation, increase in sales volume and reduction of costs. Taishan Gypsum managed to effectively reduce cost and enhance efficiency through immediate finance costs analysis. As a result, its business competitiveness and profitability were further enhanced.

BNBM put more efforts on technological innovation, established BNBM academician and expert workstation and expanded in-depth cooperation between enterprise and research institutions to obtain technical benefits. It also accelerated the development of businesses with competitive edges and explored international development layout capitalising on the "Belt and Road" initiative.

Glass Fibre and Composite Materials Segments

Review of the Group's composite materials business in the first half of 2017

In accordance with the national plan on wind power industry, China Composites proactively adjusted its production and market strategies to seize low wind speed wind power and offshore wind power markets and well conducted transformation and upgrading of blade products. By tapping the huge market along the "Belt and Road", the sales in overseas market was constantly consolidated.

China Composites executed the costs and expenses saving management, and prepared and implemented the annual increasing, saving and reducing plan to continuously reduce manufacturing and purchase costs. It attached great importance to the management of accounts receivable, inventories and funds to enhance the efficiency in capital utilisation.

Review of the Group's glass fibre business in the first half of 2017

To proactively adapt to the development trend of green economy, China Jushi deepened structural adjustment and continued to increase in the proportion of high-end products, thus setting new highs one after another in production and sales and continually improving its profitability; it stressed precise management and lean production which contributed to the lasting decrease in comprehensive costs; promoted the diversification of industrial structure and took a substantial step for the provision of comprehensive service solutions of "glass fibre + resin" composite material.

Centering on the "Belt and Road" strategy, China Jushi accelerated its internationalisation. Phase III of Jushi's project in Egypt will soon be put into production. The project of glass fibre pool kiln wire drawing production line with an annual capacity of 80,000 tonnes in the United States advanced steadily. In addition, China Jushi proactively conducted survey for establishment of plants abroad.

Engineering Services Segment

Review of the Group's engineering services segment business in the first half of 2017

Based on the "Belt and Road" strategy, China Triumph proactively and steadily developed overseas engineering business. It further conducted innovation and transformation for engineering services, while traditional businesses including cement and glass advanced together with emerging businesses such as new energy, intelligent agriculture and green house.

Focusing on technical research and development and aiming at production of high-end products, China Triumph fortified the technological innovation of ultra-thin, ultra-white, large-size, and multi-functional glass. It pushed the transformation of scientific research achievements and realised the engineering application of new glass technology in intelligent agriculture, new homes and other fields.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of the year, China's economy will still face considerable downward pressure. This, coupled with the unresolved overcapacity issue in basic building materials sector and the unsteady base for smooth operation of the industry, will pose difficulties and challenges for business development. Nevertheless, the Group is optimistic about the development of the second half of the year as China's economy, on the whole, will maintain stable performance with good momentum for growth, and the building materials sector has demonstrated a robust growth momentum. Firstly, from the macro-economic perspective, China's GDP registered a year-on-year growth of 6.9% in the first half of the year, laying a solid foundation for its economic growth; given the 19th National Congress of the Communist Party of China to be held in the second half of the year, the PRC Government will focus on supply-side structural reform with a view to improving the quality and performance of economic growth, and insist on seeking progress while ensuring stability and reinforcing and expanding growth foundation so as to better accomplishing its expected economic growth target for the year. Secondly, from the perspective of building materials sector, with the deepening of the supply-side structural reform, the sector will undergo in-depth adjustment with the prices of cement products gradually stabilizing, and peak shifting production, industrial self-discipline and business integration being expedited, thereby creating a further optimised business environment; market demand will remain robust as the construction of Xiong'an New Area and the effect thereof will trigger huge market demand, and the major projects mapped out in the "13th Five-Year Plan" and urban infrastructure construction will underpin a long-term stable growth for the building materials market; the further implementation of the "Belt and Road" strategy will open up broader markets for China's building materials enterprises with ambitions for "Going Global". Thirdly, from an internal perspective, through joint reorganisations, deepening management integration efforts, the Group has greatly elevated its management standard, market competitiveness and influence; especially after the reorganisation of its parent company, it actively promoted resource sharing, business collaboration and cost reduction by leveraging complementary advantages.

The Group will adhere to the underlying principle of making progress while ensuring stability and follow the general guideline of "maintaining steady growth, promoting reforms, preventing risks and enhancing Party building" and the four operation and management principles, while endeavoring to accomplish its annual objectives and tasks by focusing on the improvement of development quality and efficiency and core competitiveness and implementing the directional policy of "price stabilisation, quantity guarantee, cost reduction, receivables collection, inventory control and adjustment".

In terms of "maintaining steady growth", in adherence to the business ideology of "PCP", the Group will proceed with marketing optimization, adjust product structure and keep a close eye on "price stabilisation and quantity guarantee". It will deepen the management integration, proactively implement "increasing, saving and reducing", "Eight Working Methods" and "Six-star Enterprise", carry through the cost and expense saving plan, strictly control "Two Funds" and thoroughly press ahead "Four Reductions & Two Simplifications", thus consolidating basic management and achieving cost reduction and efficiency improvement. In addition, it will consummate business layout and cultivate new growth drivers while levelling up traditional driving forces in light of the "Three Curves", vigorously promote the production of "Four Modernisations" of cement aiming for expediting the reduction-based development of cement, constantly improve the layout of ready-mixed concrete, develop specialty-oriented cement, accelerate the development of aggregate business and facilitate the "Three New" industry chain in heading towards mid-to-high standards, thereby further improving competitiveness in the market. Furthermore, it will proactively and prudently boost international operations and persist in the "synergistic in-depth development" strategy to further develop overseas engineering services.

In terms of "promoting reforms", the Group will speed up mechanism and management innovations. Meanwhile, it will continue its "downsizing" efforts and proceed with cost reduction and efficiency improvement through management integration.

In terms of "preventing risks", the Group will continue to intensify management and control over cash flows and centralised management of capital, reinforce classification and disposal of inventories and receivables. It will improve the internal monitoring system and strengthen internal monitoring aiming for the accomplishment of systematised and normalised internal monitoring. Moreover, it will constantly promote comprehensive risk management and construction of a law-abiding state-owned enterprise.

In terms of "enhancing Party building", the Group will accurately comprehend and practise the two "consistent principles", combine enhancing Party building with improving corporate governance and implement a feasible accountability system in Party building.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2017.

MATERIAL TRANSACTIONS

Supplemental Agreements to the Finance Lease Agreements

Reference is made to the announcement of the Company dated 25 April 2016 in relation to the Finance Lease Agreements (as defined below). On 25 April 2016, 14 subsidiaries of the Company including but not limited to Lincheng Zhonglian Fushi Cement Company Limited* (the "Lessees") entered into 14 finance lease agreements (the "Finance Lease Agreements") with the Company and Industrial Bank Financial Leasing Co., Ltd. ("IBFL"), respectively. On 21 April 2017, the Lessees entered into 14 supplemental agreements (the "Supplemental Agreements") to the Finance Lease Agreements with the Company and IBFL, respectively. Pursuant to the Supplemental Agreements, the lease period under each Finance Lease Agreement will be extended from one year to three years commencing on the relevant lease inception date (the date on which the consideration for the relevant leased assets is paid by IBFL to the Company pursuant to that Finance Lease Agreement).

Details of the Supplemental Agreements to the Finance Lease Agreements have been disclosed in the announcement issued by the Company on 21 April 2017.

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

For the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company ("securities" shall have the meaning as defined in the Listing Rules).

CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2017, the Board of the Company is not aware of any information which would indicate that the Company did not comply with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules of the Stock Exchange.

SPECIAL COMMITTEES UNDER THE BOARD

The Strategic Steering Committee

The Company has established a strategic steering committee which comprises three Directors, including two executive Directors and one independent non-executive Director. The strategic steering committee is responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organisation development proposals, major investing and financing plans and other material matters that will affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investing plans under the authorisation of the Board; and making recommendations to the Board. During the Reporting Period, the strategic steering committee has reviewed the operation of the Company in 2016 and proposals relating to the working arrangement in 2017.

Nomination Committee

The Company has established a nomination committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the nomination committee are in compliance with the provisions of the Code. The nomination committee is responsible for, among other things, directed by the board diversity policy, the annual review of the structure, size and composition of the Board (in terms of techniques, knowledge and experience), providing recommendations to the Board in respect of any adjustments to be made in accordance with the Company's strategies and examining the selection criteria and procedures for, and reviewing the qualifications and conditions of Directors and senior management. During the Reporting Period, the nomination committee has reviewed the structure, size and composition of the Board and the special committees, diversity of the Board as well as the independence of the independent non-executive Directors, and considered the proposals in relation to adjustments of the directors and supervisors of the subsidiaries and investees.

Remuneration and Performance Appraisal Committee

The Company has established a remuneration and performance appraisal committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the remuneration and performance appraisal committee are in compliance with the provisions of the Code. The remuneration and performance appraisal committee is responsible for recommending the specific remuneration and reviewing the performance of the Directors and senior management, based on the remuneration and performance appraisal management policies and framework pertaining to Directors and senior management which have been formulated by the Board. During the Reporting Period, the remuneration and performance appraisal committee has reviewed the performance-based salaries and special rewards of the senior management members of the Company for 2016.

Audit Committee

The Company has established the audit committee which comprises three Directors, including three independent non-executive Directors, one of whom possesses appropriate professional qualification and accounting and related financial management experience. The terms of reference adopted by the audit committee are in compliance with the provisions of the Code. The principal duties of the audit committee include reviewing the Company's external auditors and their work, the Company's financial reporting procedures, internal control and risk management, and formulating and reviewing the corporate governance policy and its practice and disclosure. As at the date of this announcement, the audit committee has reviewed the internal audit work in 2016, the working plan in 2017, the appointment of auditors in 2017, determination of the expense on audit in 2016, 2016 annual report and the 2017 interim report of the Company.

MODEL CODE

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

DEFINITIONS

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

"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
"Board"	the board of directors of the Company
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Jushi"	中國巨石股份有限公司 (China Jushi Co., Ltd.)
"China Triumph"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United"	中國聯合水泥集團有限公司 (China United Cement Corporation)
"Chongqing Southwest Cement"	重慶西南水泥有限公司 (Chongqing Southwest Cement Company Limited)
"CNBM Trading"	中建材集團進出口公司 (China National Building Materials & Equipment Import & Export Corporation)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)

"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"Eight Working Methods"	"Five C", KPI management, counselor system, benchmark management and optimisation, "PCP", core profit-generating regions, market competition and cooperation and zero inventory
"Four Modernisations"	high-grade oriented, specialty oriented, ready-mixed concrete oriented and cement products oriented
"Four Reductions & Two Simplifications"	reduction of hierarchical levels, organisational units, excess staff and vehicles; simplified organisation and capable personnel
"GDP"	gross domestic product
"Group", "we" and "us"	the Company and, except where the context otherwise requires, all its subsidiaries
"HLMC"	high performance low carbon micro-particulate clinker
"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK$
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
"IFRS"	International Financial Reporting Standards
"increasing, saving and reducing"	increasing revenue, saving cost and reducing energy consumption
"Jetion Solar"	中建材浚鑫科技有限公司 (Jetion Solar (China) Co., Ltd.)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time

"MEP"	中華人民共和國環境保護部 (Ministry of Environmental Protection of the People's Republic of China)
"MIIT"	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People's Republic of China)
"NBS"	中國國家統計局 (National Bureau of Statistics of China)
"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"Parent"	中國建材集團有限公司 (China National Building Material Group Co., Ltd.*) (previously known as 中國建築材料集團有限公司 (China National Building Materials Group Corporation))
"PCP"	Price-Cost-Profit
"PRC" or "China"	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 2017 to 30 June 2017
"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 Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of Share(s)
"Sichuan Southwest Cement"	四川西南水泥有限公司 (Sichuan Southwest Cement Company Limited)

"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)
"South New Materials"	南方新材料科技有限公司 (South New Materials Technology 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
"Supervisor(s)"	the members of the supervisory committee of the Company
"Taishan Gypsum"	泰山石膏股份有限公司 (Taishan Gypsum Company Limited)
"Three Curves"	upgrade of the existing businesses – upgrade of the new technology business – upgrade of the manufacturing service business
"Three New"	new building materials, new homes, and new energy materials

"Two 'consistent principles'"	adhering to the significant political principle of maintaining state-owned enterprises under the leadership of the CPC; carrying out reform among state-owned enterprises aiming for the establishment of modern enterprise systems
"Two Funds"	accounts receivable and inventories

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

Beijing, the PRC
25 August 2017

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. Chen Yongxin and Mr. Tao Zheng as non-executive directors, and Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Qian Fengsheng and Ms. Xia Xue as independent non-executive directors.

* *For identification only*