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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 2018

The Group's unaudited revenue amounted to RMB95,228 million for the six months ended 30 June 2018, representing an increase of 22.0% as compared to the same period of 2017.

The unaudited profit attributable to owners of the Group was RMB3,812 million, representing an increase of 159.8% as compared to the same period of 2017.

Basic earnings per share was RMB0.452, representing an increase of 159.8% as compared to the same period of 2017. 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 2018 prepared in accordance with the IFRS and the Group's consolidated financial position as of 30 June 2018, together with its consolidated results for the six months ended 30 June 2017 and consolidated financial position as of 31 December 2017 for comparison.

The unaudited consolidated financial information of the Group for the six months ended 30 June 2018 has been reviewed by the independent auditor, the Board and the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	**Six months ended 30 June** **2018** ***RMB'000*** **(unaudited)**	 2017 *RMB'000* (restated) (unaudited)
Revenue	3	**95,227,944**	78,080,930
Cost of sales		**(66,715,129)**	(58,954,206)
Gross profit		**28,512,815**	19,126,724
Investment and other income, net	4	**20,064**	1,519,774
Selling and distribution costs		**(5,260,034)**	(4,581,093)
Administrative expenses		**(9,489,191)**	(6,870,839)
Finance costs, net	5	**(5,455,736)**	(5,288,019)
Share of profits of associates		**886,068**	439,273
Share of profits of joint ventures		**592**	1,055
Profit before income tax	6	**9,214,578**	4,346,875
Income tax expense	7	**(2,467,777)**	(1,260,866)
Profit for the period		**6,746,801**	3,086,009
Profit attributable to:			
Owners of the Company		**3,811,676**	1,467,108
Holders of perpetual capital instruments		**447,287**	301,250
Non-controlling interests		**2,487,838**	1,317,651
		6,746,801	3,086,009
		RMB	*RMB*
Earnings per share – basic and diluted	9	**0.452**	0.174

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Profit for the period	**6,746,801**	3,086,009
Other comprehensive (expense)/income, net of tax:		
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit obligations	**(499)**	(1,743)
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(25,983)**	57,627
Changes in the fair value of available-for-sale financial assets, net	**–**	909,283
Changes in the fair value of financial assets without recycling	**(6,647)**	–
Share of associates' other comprehensive income/(expense)	**12,288**	(4,163)
Share of joint ventures' other comprehensive (expense)/income	**(480)**	206
Other comprehensive (expense)/income for the period, net of tax	**(21,321)**	961,210
Total comprehensive income for the period	**6,725,480**	4,047,219
Total comprehensive income attributable to:		
Owners of the Company	**3,802,411**	2,303,548
Holders of perpetual capital instruments	**447,287**	301,250
Non-controlling interests	**2,475,782**	1,442,421
Total comprehensive income for the period	**6,725,480**	4,047,219

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	**30 June 2018** *RMB'000* **(unaudited)**	31 December 2017 *RMB'000* (restated) (unaudited)
Non-current assets			
Property, plant and equipment		**175,778,213**	176,473,530
Prepaid lease payments		**19,665,954**	19,344,681
Investment properties		**850,708**	831,580
Goodwill		**46,055,906**	46,068,583
Intangible assets		**9,032,625**	8,960,508
Interests in associates		**11,981,447**	10,502,218
Interests in joint ventures		**19,022**	4,850
Financial assets at fair value through profit or loss		**2,184,462**	–
Financial assets at fair value through other comprehensive income		**9,970**	–
Available-for-sale financial assets		**–**	6,681,151
Deposits		**2,316,907**	3,227,948
Trade and other receivables	10	**4,087,768**	2,599,083
Deferred income tax assets		**5,859,223**	5,880,882
		277,842,205	280,575,014
Current assets			
Inventories		**25,232,233**	22,206,672
Trade and other receivables	10	**113,834,448**	107,599,304
Available-for-sale financial assets		**–**	54,500
Financial assets at fair value through profit or loss		**5,003,203**	2,887,550
Amounts due from related parties		**5,077,635**	5,970,401
Pledged bank deposits		**10,648,625**	11,403,070
Cash and cash equivalents		**26,121,577**	23,374,310
		185,917,721	173,495,807
Assets classified as held-for-sales		**86,830**	86,830
		186,004,551	173,582,637

	Note	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (restated) (unaudited)
Current liabilities			
Trade and other payables	11	**88,769,977**	84,280,343
Amounts due to related parties		**6,389,025**	9,173,035
Borrowings – amount due within one year		**150,825,613**	148,139,723
Obligations under finance leases		**8,327,168**	9,147,828
Derivative financial instruments		**38,453**	477
Employee benefits payable		**2,059**	36,737
Current income tax liabilities		**2,969,229**	3,025,012
Financial guarantee contracts		**56,838**	56,838
Dividends payable to non-controlling interests		**510,976**	310,476
		257,889,338	254,170,469
Net current liabilities		**(71,884,787)**	(80,587,832)
Total assets less current liabilities		**205,957,418**	199,987,182
Non-current liabilities			
Borrowings – amount due after one year		**66,418,368**	61,112,697
Deferred income		**1,635,269**	1,695,616
Obligations under finance leases		**6,150,045**	9,016,706
Employee benefits payable		**265,009**	215,619
Deferred income tax liabilities		**2,447,286**	3,181,213
		76,915,977	75,221,851
Net assets		**129,041,441**	124,765,331
Capital and reserves			
Share capital		**8,434,771**	5,399,026
Reserves		**59,052,513**	58,874,579
Equity attributable to			
Owners of the Company		**67,487,284**	64,273,605
Holders of Perpetual capital instruments		**19,440,107**	16,716,270
Non-controlling interests		**42,114,050**	43,775,456
Total equity		**129,041,441**	124,765,331

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. GENERAL INFORMATION

China National Building Material Company Limited (the "Company" or "CNBM") 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. (the "Parent"), a state-owned enterprise established on 3 January 1984 under the laws of the PRC.

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the cement, concrete, lightweight building materials, glass fiber 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 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 2018 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 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board.

Other than the adoption of new and amendments to IFRS, 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 2017.

(a) Business combination under common control

On 8 September 2017, the Company and China National Materials Company Limited ("Sinoma") entered into a merger agreement, pursuant to which Sinoma is to be merged into and absorbed by the Company by way of absorption and a share-exchange; and in accordance with the PRC Company Law and other applicable PRC laws (the "Merger"). The Exchange Ratio is 1.00 Sinoma Share to exchange for 0.85 CNBM Share, meaning that CNBM will issue: (i) 0.85 CNBM H Share to exchange for 1.00 Sinoma H Share; and (ii) 0.85 CNBM Unlisted Share (comprising CNBM Domestic Shares and (if issued) the CNBM Unlisted Foreign Shares) to exchange for 1.00 Sinoma Unlisted Share. The Merger has been completed on 2 May 2018.

As Sinoma and the Company are controlled by the Parent, the Merger has been accounted for based on the principles of merger accounting.

On 11 April 2018, Zhejiang South Cement Company Limited (浙江南方水泥有限公司) ("Zhejiang South Cement") (an indirect subsidiary of the Company) and Zhejiang Sanshi Group Limited Company (浙江三獅集團有限公司) ("Sanshi Group") (a 100% indirect subsidiary of the Parent), being shareholders of Zhejiang Sanshi South New Material Company Limited (浙江三獅南方新材料有限公司)("Sanshi South") (a company 50% indirectly held by the Company and 50% directly held by the Sanshi Group and whose accounts are consolidated with the Parent), entered into a capital contribution agreement (the "Capital Contribution Agreement"), pursuant to which Zhejiang South Cement has agreed to make a capital contribution to Sanshi South in cash. As a result of the capital contribution from Zhejiang South Cement to the Sanshi South, the shareholding in Sanshi South held by Zhejiang South Cement has increased from 50% to 90% (the "deemed acquisition") and Sanshi South has become a subsidiary of the Group since then.

As Sanshi Group and the Company are controlled by the Parent, the deemed acquisition has been accounted for based on the principles of merge accounting.

The condensed consolidated interim financial information of the Group has been prepared using the merger basis of accounting as if the current group structure has been in existence throughout the periods presented. The unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 has been restated as a result of adoption of merger accounting for the above business combinations under common control.

(b) 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 2018:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014–2016 Cycle
Amendments to IAS 40	Transfers of Investment Property
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers

(c) 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 2018, and have not been early adopted by the Group:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRS 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

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

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

3 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 five major operating divisions during the period – cement, concrete, new 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
New materials	–	Production and sale of glass fiber, composite and light building 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 2018 and year ended 31 December 2017.

(a) For the six months ended 30 June 2018:

The segment results for the six months ended 30 June 2018 are as follows:

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Revenue							
External sales							
At a point of time	50,385,025	17,915,048	11,287,361	–	834,785	–	80,422,219
Over time	–	–	–	14,805,725	–	–	14,805,725
	50,385,025	17,915,048	11,287,361	14,805,725	834,785	–	95,227,944
Inter-segment sales *(Note)*	2,702,210	–	572,839	603,498	458,952	(4,337,499)	–
	53,087,235	17,915,048	11,860,200	15,409,223	1,293,737	(4,337,499)	95,227,944
Adjusted EBITDA (unaudited)	14,184,424	1,982,668	3,073,593	1,696,418	(348,541)	–	20,588,562
Depreciation and amortisation	(4,798,239)	(467,858)	(749,857)	(273,006)	(61,926)	–	(6,350,886)
Unallocated other expenses, net							(321,346)
Unallocated administrative expenses							(132,676)
Share of profits of associates	482,472	–	6,131	1,761	395,704	–	886,068
Share of profits of joint ventures	–	–	592	–	–	–	592
Finance costs, net	(3,599,883)	(1,017,912)	(231,789)	(204,704)	(165,861)	–	(5,220,149)
Unallocated finance costs, net							(235,587)
Profit before income tax							9,214,578
Income tax expense							(2,467,777)
Profit for the period (unaudited)							6,746,801

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

(a) For the six months ended 30 June 2018: (Continued)

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 of associates, share of profits of joint ventures 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 2018:

The segment assets and liabilities as at 30 June 2018 are as follows:

	Cement	Concrete	New materials	Engineering services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS							
Segment assets	**251,833,018**	**51,733,391**	**45,461,677**	**49,488,181**	**6,480,286**	**–**	**404,996,553**
Interests in associates	**5,909,968**	**–**	**4,513,368**	**69,801**	**1,488,310**	**–**	**11,981,447**
Interests in joint ventures	**10,260**	**–**	**8,762**	**–**	**–**	**–**	**19,022**
Unallocated assets							**46,849,734**
Total consolidated assets (unaudited)							**463,846,756**
LIABILITIES							
Segment liabilities	**(153,203,073)**	**(16,339,954)**	**(20,410,353)**	**(42,608,270)**	**(8,715,648)**	**–**	**(241,277,298)**
Unallocated liabilities							**(93,528,017)**
Total consolidated liabilities (unaudited)							**(334,805,315)**

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 2017:

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

	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	New materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Eliminations *RMB'000* (restated)	Total *RMB'000* (restated)
Revenue							
External sales							
At a point of time	41,247,145	12,855,998	10,233,151	–	659,802	–	64,996,096
Over time	–	–	–	13,084,834	–	–	13,084,834
	41,247,145	12,855,998	10,233,151	13,084,834	659,802	–	78,080,930
Inter-segment sales *(Note)*	2,640,459	–	2,739	182,774	444,944	(3,270,916)	–
	43,887,604	12,855,998	10,235,890	13,267,608	1,104,746	(3,270,916)	78,080,930
Adjusted EBITDA (unaudited)	10,296,518	1,153,582	2,351,399	1,474,680	79,158	–	15,355,337
Depreciation and amortisation	(4,358,699)	(450,810)	(831,732)	(298,309)	(53,522)	–	(5,993,072)
Unallocated other expenses, net							(10,363)
Unallocated administrative expenses							(157,336)
Share of profits/(losses) of associates	121,155	–	1,490	(254)	316,882	–	439,273
Share of profits of joint ventures	–	–	1,055	–	–	–	1,055
Finance costs, net	(3,903,415)	(671,217)	(209,823)	(217,413)	(306,578)	–	(5,308,446)
Unallocated finance incomes, net							20,427
Profit before income tax							4,346,875
Income tax expense							(1,260,866)
Profit for the period (unaudited)							3,086,009

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, share of profits of joint ventures 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 2017:

The segment assets and liabilities as at 31 December 2017 are as follows:

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
ASSETS							
Segment assets	253,676,656	49,449,849	43,567,149	41,116,574	6,576,962	–	394,387,190
Interests in associates	5,510,284	–	4,305,467	16,280	670,187	–	10,502,218
Interests in joint ventures	–	–	4,850	–	–	–	4,850
Unallocated assets							49,263,393
Total consolidated assets (restated and unaudited)							454,157,651
LIABILITIES							
Segment liabilities	(153,017,295)	(16,734,408)	(20,960,350)	(38,994,627)	(15,015,485)	–	(244,722,165)
Unallocated liabilities							(84,670,155)
Total consolidated liabilities (restated and unaudited)							(329,392,320)

(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	
	2018	2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**20,937,103**	15,276,179
Adjusted EBITDA for other segment	**(348,541)**	79,158
Total segments profit	**20,588,562**	15,355,337
Depreciation of property, plant and equipment, and amortisation of intangible assets and prepaid lease payments	**(6,350,886)**	(5,993,072)
Corporate items	**(454,022)**	(167,699)
Operating profit	**13,783,654**	9,194,566
Finance costs, net	**(5,455,736)**	(5,288,019)
Share of profits of associates	**886,068**	439,273
Share of profits of joint ventures	**592**	1,055
Profit before income tax	**9,214,578**	4,346,875

4. INVESTMENT AND OTHER INCOME, NET

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
(Decrease)/increase in fair value of financial assets at fair value through profit or loss	**(1,210,215)**	49,535
(Increase)/decrease in fair value of derivative financial instruments	**(37,976)**	2,258
Government subsidies:		
– VAT refunds *(Note (a))*	**557,905**	385,006
– Government grants *(Note (b))*	**253,734**	456,239
– Interest subsidy	**43,081**	1,999
Net rental income	**119,091**	90,271
Gain on disposal of other investments	**1,775**	6,874
Gain on disposal of interests in associates	**–**	92,194
Gain on disposal of subsidiaries, net	**–**	58,400
Fair value losses on remeasurement of interests in associates	**(9,960)**	–
Claims received	**29,222**	20,634
Waiver of payables	**23,880**	56,037
Others	**249,527**	300,327
	20,064	1,519,774

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	
	2018	2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Interest expenses on bank borrowings:		
– wholly repayable within five years	**3,257,220**	3,028,072
– not wholly repayable within five years	**7,299**	7,895
	3,264,519	3,035,967
Interest expenses on bonds, other borrowings and finance leases	**2,687,466**	2,639,749
Less: interest capitalised to construction in progress	**(129,579)**	(106,983)
	5,822,406	5,568,733
Interest income:		
– interest on bank deposits	**(234,178)**	(199,108)
– interest on loan receivables	**(132,492)**	(81,606)
	(366,670)	(280,714)
Finance costs, net	**5,455,736**	5,288,019

6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment, and amortisation of intangible assets and prepaid lease payments	**6,384,276**	6,018,023
Depreciation of investment properties	**16,124**	16,658
Allowance for impairment in respect of trade and other receivables	**1,436,064**	214,386
Staff costs	**7,922,672**	7,244,483
(Gain)/loss on disposal of property, plant and equipment, investment properties, intangible assets and prepaid lease payments, net	**(15,017)**	81,584
Net foreign exchange losses	**329,753**	119,971

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Current income tax	**3,060,208**	1,472,169
Deferred income tax	**(592,431)**	(211,303)
	2,467,777	1,260,866

PRC income tax is calculated at 25% (2017: 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% (2017: 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 2018 and 2017 at the rates of taxation prevailing in the countries in which the Group operates.

8. DIVIDENDS

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Dividends paid		
RMB0.1 (2017: RMB0.043) per share by the Company	**843,477**	232,158
RMB Nil (2017: RMB0.03) per share by Sinoma	**–**	107,144
	843,477	339,302

During the period, a dividend amounting to approximately RMB843.48 million (six months ended 30 June 2017: approximately RMB339.30 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 2018.

9. EARNINGS PER SHARE

The weighted average number of shares for the purpose of basic and diluted earnings per share for the period ended 30 June 2018 and 2017 has taken into account the issue of 2,944,744,400 new shares in exchange of the entire equity interest in Sinoma arising from the merger of Sinoma.

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	
	2018	2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**3,811,676**	1,467,108

	Six months ended 30 June	
	2018	2017
	'000	*'000*
	(unaudited)	(unaudited)
Weighted average number of ordinary shares in issue	**8,434,771**	8,434,771

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 2018	31 December 2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Trade receivables, net of allowance for impairment	**52,192,018**	44,652,834
Bills receivable	**22,713,719**	19,729,448
Contract assets	**9,277,726**	–
Amounts due from customers for contract work	**–**	6,082,899
Prepaid lease payments	**505,401**	576,338
Other receivables, deposits and prepayments	**33,233,352**	39,156,868
	117,922,216	110,198,387

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 based on the invoice date is as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Within two months	**9,702,636**	10,362,867
More than two months but within one year	**25,652,247**	20,169,155
Between one and two years	**8,833,921**	7,467,409
Between two and three years	**2,844,165**	2,800,026
Over three years	**5,159,049**	3,853,377
	52,192,018	44,652,834

Analysed for reporting purposes:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Non-current portion	**4,087,768**	2,599,083
Current portion	**113,834,448**	107,599,304
	117,922,216	110,198,387

11. TRADE AND OTHER PAYABLES

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

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Within two months	**11,499,586**	7,501,989
More than two months but within one year	**19,614,814**	17,236,912
Between one and two years	**2,897,042**	2,877,373
Between two and three years	**1,302,964**	1,143,097
Over three years	**2,371,287**	2,037,100
Trade payables	**37,685,693**	30,796,471
Bills payable	**19,322,799**	20,601,480
Contract liabilities	**16,410,086**	–
Amounts due to customers for contract work	**–**	2,774,074
Other payables	**15,351,399**	30,108,318
	88,769,977	84,280,343

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

BUSINESS REVIEW AND PROSPECTS

The major operating data of each segment of the Group for the six months ended 30 June 2018 and 30 June 2017 are set out below:

CEMENT SEGMENT

China United

	For six months ended 30 June	
	2018	2017
Production volume – cement *(in thousand tonnes)*	**24,146**	27,327
Production volume – clinker *(in thousand tonnes)*	**21,276**	24,530
Sales volume – cement *(in thousand tonnes)*	**21,619**	24,516
Sales volume – clinker *(in thousand tonnes)*	**5,679**	5,879
Average unit selling price – cement *(RMB per tonne)*	**332.4**	259.3
Average unit selling price – clinker *(RMB per tonne)*	**278.8**	242.8
Sales volume – commercial concrete *(in thousand m^3)*	**15,123**	17,251
Average unit selling price – commercial concrete *(RMB per m^3)*	**433.3**	300.2

South Cement

	For six months ended 30 June	
	2018	2017
Production volume – cement *(in thousand tonnes)*	**42,624**	42,727
Production volume – clinker *(in thousand tonnes)*	**38,261**	37,550
Sales volume – cement *(in thousand tonnes)*	**42,005**	39,565
Sales volume – clinker *(in thousand tonnes)*	**9,188**	12,063
Average unit selling price – cement *(RMB per tonne)*	**326.5**	228.7
Average unit selling price – clinker *(RMB per tonne)*	**316.9**	220.5
Sales volume – commercial concrete *(in thousand m^3)*	**22,370**	19,588
Average unit selling price – commercial concrete *(RMB per m^3)*	**429.1**	316.8

North Cement

	For six months ended 30 June	
	2018	2017
Production volume – cement *(in thousand tonnes)*	**4,347**	5,226
Production volume – clinker *(in thousand tonnes)*	**3,373**	5,023
Sales volume – cement *(in thousand tonnes)*	**4,345**	5,323
Sales volume – clinker *(in thousand tonnes)*	**225**	1,303
Average unit selling price – cement *(RMB per tonne)*	**358.2**	301.5
Average unit selling price – clinker *(RMB per tonne)*	**330.7**	266.6
Sales volume – commercial concrete *(in thousand m^3)*	**1,017**	891
Average unit selling price – commercial concrete *(RMB per m^3)*	**363.6**	312.4

Southwest Cement

	For six months ended 30 June	
	2018	2017
Production volume – cement *(in thousand tonnes)*	**42,583**	40,981
Production volume – clinker *(in thousand tonnes)*	**33,527**	30,600
Sales volume – cement *(in thousand tonnes)*	**42,087**	40,681
Sales volume – clinker *(in thousand tonnes)*	**1,630**	1,264
Average unit selling price – cement *(RMB per tonne)*	**289.3**	243.0
Average unit selling price – clinker *(RMB per tonne)*	**266.6**	222.5
Sales volume – commercial concrete *(in thousand m^3)*	**716**	613
Average unit selling price – commercial concrete *(RMB per m^3)*	**292.3**	267.9

Sinoma Cement

	For six months ended 30 June	
	2018	2017
Production volume – cement *(in thousand tonnes)*	**9,964**	10,219
Production volume – clinker *(in thousand tonnes)*	**9,705**	10,419
Sales volume – cement *(in thousand tonnes)*	**9,955**	10,293
Sales volume – clinker *(in thousand tonnes)*	**2,083**	2,471
Average unit selling price – cement *(RMB per tonne)*	**322.6**	235.3
Average unit selling price – clinker *(RMB per tonne)*	**300.4**	208.0
Sales volume – commercial concrete *(in thousand m^3)*	**375**	408
Average unit selling price – commercial concrete *(RMB per m^3)*	**438.1**	359.6

Tianshan Cement

	For six months ended 30 June	
	2018	2017
Production volume – cement *(in thousand tonnes)*	**5,899**	7,324
Production volume – clinker *(in thousand tonnes)*	**6,229**	7,835
Sales volume – cement *(in thousand tonnes)*	**5,999**	7,215
Sales volume – clinker *(in thousand tonnes)*	**1,557**	2,043
Average unit selling price – cement *(RMB per tonne)*	**362.8**	260.0
Average unit selling price – clinker *(RMB per tonne)*	**251.8**	203.8
Sales volume – commercial concrete *(in thousand m^3)*	**749**	909
Average unit selling price – commercial concrete *(RMB per m^3)*	**440.4**	287.0

Ningxia Building Materials

	For six months ended 30 June	
	2018	2017
Production volume – cement *(in thousand tonnes)*	**5,659**	7,427
Production volume – clinker *(in thousand tonnes)*	**4,472**	5,553
Sales volume – cement *(in thousand tonnes)*	**5,533**	7,200
Sales volume – clinker *(in thousand tonnes)*	**277**	179
Average unit selling price – cement *(RMB per tonne)*	**253.0**	237.3
Average unit selling price – clinker *(RMB per tonne)*	**250.2**	216.2
Sales volume – commercial concrete *(in thousand m^3)*	**495**	700
Average unit selling price – commercial concrete *(RMB per m^3)*	**324.0**	296.4

Qilianshan

	For six months ended 30 June	
	2018	2017
Production volume – cement *(in thousand tonnes)*	**7,372**	9,166
Production volume – clinker *(in thousand tonnes)*	**5,595**	6,137
Sales volume – cement *(in thousand tonnes)*	**7,577**	9,270
Sales volume – clinker *(in thousand tonnes)*	**53**	15
Average unit selling price – cement *(RMB per tonne)*	**285.5**	257.3
Average unit selling price – clinker *(RMB per tonne)*	**229.9**	201.0
Sales volume – commercial concrete *(in thousand m^3)*	**366**	563
Average unit selling price – commercial concrete *(RMB per m^3)*	**365.1**	322.1

NEW MATERIALS SEGMENT

BNBM

	For six months ended 30 June	
	2018	2017
Gypsum boards – BNBM		
Production volume *(in million m^2)*	**156.5**	144.4
Sales volume *(in million m^2)*	**150.3**	139.8
Average unit selling price *(RMB per m^2)*	**7.79**	6.11
Gypsum boards – Taishan Gypsum		
Production volume *(in million m^2)*	**717.9**	728.3
Sales volume *(in million m^2)*	**715.4**	713.1
Average unit selling price *(RMB per m^2)*	**5.40**	4.23

China Jushi

	For six months ended 30 June	
	2018	2017
Glass fiber		
Production volume *(in thousand tonnes)*	**711**	691
Sales volume *(in thousand tonnes)*	**749**	634
Average unit selling price *(RMB per tonne)*	**5,144**	5,104

Sinoma Science & Technology

	For six months ended 30 June	
	2018	2017
Glass fiber		
Production volume *(in thousand tonnes)*	**411**	350
Sales volume *(in thousand tonnes)*	**403**	340
Average unit selling price *(RMB per tonne)*	**6,679**	6,918
Rotor blade		
Production volume *(MW)*	**2,023**	2,433
Sales volume *(MW)*	**1,338**	1,894
Average unit selling price *(RMB per MW)*	**624,988**	565,121

China Composites

	For six months ended 30 June	
	2018	2017
Rotor blade		
Production volume *(MW)*	**888**	868
Sales volume *(MW)*	**687**	662
Average unit selling price *(RMB per MW)*	**697,120**	675,301

OVERVIEW OF THE FIRST HALF OF THE YEAR

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW

In the first half of 2018, China's economy maintained overall stability, with China's GDP growing at 6.8% year on year, setting off to a good start of high-quality development. Fixed-asset investment rose 6.0% year on year. There was a slowing down in growth but investment structure improved. In particular, the infrastructure investment grew 7.3% year on year, which continued to contribute to effective construction with large amount of total investment. Property development investment grew 9.7% year on year, presenting positive growth momentum, which supported the demand in the building material industry to remain at a high level. By further deepening the supply-side structural reform of the industry, the price of cement (major product) presented a trend of steady rise with significant increase in the industry-wide profit.

In the first half of 2018, the Group proactively coped with the challenges and opportunities posed and brought by economic transformation in light of the abnormal complex and severe domestic and overseas environment. It resolutely implemented the guideline of "maintaining steady growth, promoting reforms, preventing risks and enhancing Party building", and strictly followed the management principles and operating measures of "profit and efficiency as first priority", "refinement, streamlining, action", "Price-Cost-Profit", "integration and optimisation", "digitisation" and "price stabilisation, quantity guarantee, cost reduction, receivables collection, inventory control and adjustment", to focus on market, maintain stable prices, increase quantity, implement delicacy management, reduce cost and enhance efficiency. The Group kept track of the pressure control of Two Funds, and proactively promoted the Double Four Reductions. The Group strengthened financial management and integration, optimised debt structure, and expanded financing channels. The Group also fully pushed forward the adjustment and optimisation of the "three major businesses", promoted the "four modernisations" of the cement industry, and accelerated the development of the new materials business, and the innovation and transformation of the engineering services business; steadily advanced overseas investment, and global cooperation on production capacity, and continuously explored new businesses and new business models, with constant improvement of the quality and level of international operation. In addition, the Merger of CNBM and Sinoma was successfully completed, with the H shares of the Company after the Merger listed on the Stock Exchange on 3 May, and the new board of directors, supervisory committee and management team after adjustment were effective on 13 June, contributing to the acceleration of streamlining and optimisation, capital structure optimisation and other integration, further enhancing synergetic effect. In the first half of the year, compared with the same period of last year, the sales volume of cement and clinker of the Group decreased by 5.6% to 160.7 million tonnes, the sales volume of commercial concrete increased by 0.6% year on year to 42.0 million cubic metres, the sales volume of gypsum board increased by 1.5% year on year to 866 million square metres, the sales volume of glass fiber increased by 17.9% year on year to 1.15 million tonnes and the sales volume of rotor blades decreased by 20.8% year on year to 2,025MW. The revenue of the Group amounted to RMB95,228 million, representing a 22.0% increase year on year. Profit attributable to equity holders of the Company amounted to RMB3,812 million, representing a 159.8% increase year on year.

Cement Segment

Review of the cement industry in the PRC in the first half of 2018

On 18 May 2018, Chairman Xi attended the National Ecological Environmental Protection Conference, at which he gave top-level instruction on the construction of ecological civilisation, bringing about the official initiation of the environmental protection supervision and inspection project on 30 May. On 24 June, the State Council issued the Opinions on Fully Strengthening Ecological Environmental Protection to Win the Combat of Pollution Prevention and Control (《關於全面加強生態環境保護堅決打好污染防治攻堅戰的意見》) to increase the efforts to reduce production capacity of construction materials, set up special emission limits for atmospheric pollutants, emphasize on the heat supply season of key regions, implement peak shifting production in key industries such as construction materials industry, and establish a strict accountability mechanism for the aforesaid actions. Advancement has been made for reduction in production capacity of the cement industry based upon the tightened environmental protection policies to promote the in-depth structural adjustment, transformation and upgrading. (Sources: MEP and Digital Cement).

Review of the cement segment business of the Group in the first half of 2018

For the cement segment, the Group proactively rose up to the challenges posed by flat period in demand, increased pressure on environmental protection and rising costs of fuel and raw materials. With the purpose of further implementing the ideology of "PCP", the Group insisted on placing equal emphasis on the reduction in production capacity and output, and resolutely practised peak shifting production, elimination of outdated production facilities and industrial self-discipline to promote orderly competition and the recovery of industry value. The Group also further optimized marketing strategies to win over major customers, large-scale projects, big markets and key construction, and seize opportunities in core markets; continued to promote refined management and lean production by keeping a close eye on the execution of the cost and expense conservation plan, deepen the implementation of benchmark management and optimized management, and promote quality and efficiency; exerted great efforts on streamlining of organisations by constantly promoting regional integration and optimisation of organisational structure; speeded up synergy and collaboration within and between segments; and promoted marketing resources sharing and the implementation of the regular meeting and negotiation mechanism within the Company.

China United

With a view to promoting high-quality development, China United exerted great efforts on business operation to improve efficiency and ensure steady prices. Carried out the effective peak shifting production in winter and practised the peak shifting production policy in summer to effectively improve the supply and demand relationship. Accelerated the construction of regional platforms and optimized the orderly market operations. Strengthened cooperation with major project development, and large-scale and high quality enterprises to stabilize the market shares of key projects.

China United strengthened the optimisation of benchmark management, and implemented cost reduction and efficiency improvement. China United actively achieved synergy with Sinoma Mining, utilized the edges from both parties so as to lift the standard of mine management.

Establishing the new energy plant, China United achieved cross-industry cooperation between cement factories and the photovoltaic power industry. China United also strived to seize the opportunities arising from the aggregate business by integrating enterprises that are engaged in aggregate business and establishing the "large department system" for cement, commercial concrete and aggregate businesses. Steadily promote the construction of the production lines for the synergetic treatment of production waste, municipal sludge and hazardous waste by cement kiln.

South Cement

South Cement actively implemented regional supply-side structural reform, practised the introduction of the plans for output reduction and the peak shifting production as required by policies, strengthened the connection and interchange of clinker resources, enhanced cross-regional and cross-market management to effectively manage and control the clinker resources, and maintain the market stability. South Cement also strengthened the major project market and the construction of fundamental markets to increase the sales and shares in the large-scale terminal markets and core markets. Implemented the "central station + direct management model", innovation incentive and appraisal system and accelerated the equity and management integration of Sanshi South New Material, with the purpose of comprehensive improvement of the quality of commercial concrete operation.

South Cement also comprehensively promoted lean production and implemented cost and expense saving plan, which led to the steady improvement of the quality of production and operation. It also solidly promoted work reduction and improved operational efficiency and quality.

South Cement established and improved a mine management system, formulated and implemented the plans for mine optimisation and upgrading and the construction of green mines, and exerted great efforts on developing the aggregate business; and steadily promoted the construction of urban waste and industrial waste synergetic treatment projects.

North Cement

In light of the severe operating situation with prominent supply and demand contradiction, North Cement implemented the normalisation of measures such as the peak shifting production in winter and self-discipline in limiting production to effectively alleviate the pressure of over-production and high inventory level of clinker; and conducted bidding for key projects.

North Cement also explored measures to resolve overcapacity, maintained orderly operation in the industry and fully promoted the centralised procurement and delivery of materials through bidding to effectively reduce procurement costs.

By leveraging the advantages of the industrial chain, the mortar market was expanded, increasing the sales of dry-mix mortar products.

Southwest Cement

Upholding the operating ideology of "PCP", Southwest Cement proactively practised peak shifting production and production limitation by closing down kilns, and carried out exchange of clinker. By optimising and integrating marketing channels, Southwest Cement steadily increased the sales ratio of direct sales and high-grade products and seized opportunities arising in core markets. As it improved the control of "major clients, substantial orders, macro markets and key projects", the quality of key projects was enhanced. Southwest Cement firmly carried out the central spirit of handling precise poverty alleviation.

Through full implementation of the "3+1" organizational restructuring of marketing department, finance department, general department and production department, 41 enterprises accomplished optimisation of the "3+1" organizational structure. Through thorough promotion of regional resources integration, Southwest Cement established management committees in Sichuan Demian District and Guizhou Tongren District as experimental units to enhance management and maximise benefits. It strengthened production control and basic management, optimised coal procurement channels, and increased direct purchase.

Southwest Cement explored new asset-light operation modes, such as joint establishment of sites, OEM and technology cooperation, by exploiting technical advantages of special cement and brand effect; it started structural adjustment, transformation and upgrading, accelerated the set-up of a model intelligent production line and promoted aggregate business and co-processing project of garbage and solid waste in cement kilns.

Sinoma Cement

Adhering to the operating ideology of "PCP", Sinoma Cement proactively promoted regional resources sharing, stabilised market prices, enhanced competitiveness through the integration of the internal resources of the Company and realised high-quality operation while facilitating the healthy development of the industry.

Sinoma Cement made intensive efforts in delicacy management, continuously optimized the three-tier management and control system of materials procurement, further enhanced centralised delicacy management of materials procurement. Meanwhile, it intensified reduction and "downsizing" efforts to practically streamline organizational structure.

Thoroughly implementing innovation transformation and international strategic deployment, the clinker production line, with daily production capacity of 2,500 tonnes, in CNBM Zambia Industry Park was put into production in advance. The co-treatment of household waste in cement kilns project worked well. The company promoted coordination and integration of resources in upstream and downstream industry chains, such as aggregate business, commercial concrete and prefabricated parts, to strengthen its capability in sustainable development.

Tianshan Cement

Overcoming adverse impact of large fluctuation in the regional market and insisting on the guidance of profit, Tianshan Cement carried out the operation ideology of "PCP". It actively participated in the peak shifting production, and cooperated with the government to carry out orderly production.

Tianshan Cement accelerated the promotion of the "internet + cement" sales mode, and attached great importance to 6S management to implement benchmark and delicacy management.

It practiced environmental management and green development concepts, carrying out the cement kiln coordinated disposal projects and implementing new development patterns such as "Green Mine" and "Garden Factory".

Ningxia Building Materials

Encountering adverse conditions due to the decrease in demand in regional markets, Ningxia Building Materials firmly executed peak shifting production to improve the relationship between supply and demand. Closely centering on the operation ideology of "PCP", Ningxia Building Materials continued to develop integration of market resources and steady sales volume. While staying tuned with the core market and major construction market, Ningxia Building Materials will explore markets for residential usage and ceaselessly solidify its regional market shares.

By optimising the concentrated procurement mechanism, developing and promoting the use of logistics transportation platform, putting utmost efforts in enhancing the intelligent manufacturing standards, reducing interest-bearing liabilities, conducting monthly benchmark analysis and other measures, Ningxia Building Materials endeavored to improve delicacy management of the enterprise and raise labour productivity, coupled with management on cost and expenses to achieve cost reduction and efficiency enhancement.

It also extended industry chain, and proactively promoted aggregate business development.

Qilianshan

Qilianshan strengthened the operating ideology of "PCP" to thoroughly carry out multi-dimensional as well as delicate competition and cooperation; adhering to the operating concept of "Four in One" and taking overall consideration of price, sales, market and benefit, Qilianshan maintained market share while it steadied and increased price; and took the lead to practise peak shifting production in winter within the region and actively guided peak shifting production in summer to effectively improve supply and demand.

As a result of further developing delicacy management, keeping an eye on the cost and expense saving plan, and strengthening the all staff, all-round and full process cost and expense control, the cost reduction and control achieved notable success.

Promoting the "internet + intensification" procurement system, Qilianshan achieved the professional management and closed-loop operation of material, logistics and engineering services procurement as well as wastes auction business supported by e-commerce platform. It continually deepened mechanism reform of the enterprise and enhanced performance appraisal scheme to improve the internal vitality of the enterprise.

New Materials Segment

BNBM

Thoroughly implementing the business ideology of "PCP", BNBM focused on profit, deepened brand advantage and achieved price rise, cost reduction, and profit increase. Through continuous intensification of "pressure reduction" work, management quality and profit improvement were constantly enhanced, the debt asset structure was enhanced, and leverage and liabilities were reduced. Centralised management of funds was implemented to enhance the efficiency in capital utilization. It continued to strengthen "technological innovation + brand construction" to further improve the core competitiveness.

BNBM actively participated in the construction of "Belt and Road", and propelled internationalisation that the Tanzanian Company Limited (坦桑尼亞有限公司) was registered and the operation was on track. BNBM reconstructed Wanjia Building Materials (萬佳建材) to consolidate its leadership in the global gypsum board industry.

China Jushi

By taking essential protection as the foundation, focusing on the market demand and regarding efficiency enhancement as the center, China Jushi actively adjusted structure so that the proportion of high-end products and customers and market competitiveness kept enhancing, and sales volume achieved new high. It deeply advanced precise management and lean production which contributed to the remarkable effect of increasing, saving and reducing plan as well as energy conservation and emission reduction. It strengthened technological innovation that the new E7 and E8 glass fiber formula and the optimisation of electronic yarn technology provided persistent support and guide to the quality and efficiency enhancement and cost reduction, while E9 glass fiber formula has entered the research and experimental stage. It accelerated the construction of intelligent production plant for new materials and continuously enhanced development potentials.

The international layout has achieved remarkable results. China Jushi 200,000-tonnes Egypt production plant was completed. The project in the United States is expected to be completed in early 2019, and the project in India is expected to commence before the end of 2018. It will continue to advance the layout of the five continents. While the products were going global, China Jushi accelerated the pace of going global for factories and actively carried out research on the construction of other overseas projects.

Sinoma Science & Technology

Sinoma Blades focused intensely on the needs of the clients, continuously optimized the layout of domestic production capacity, and vigorously developed new products adapting to the development trend such as low wind speed and offshore production in order to keep the leading advantages in the low speed wind power and offshore wind power markets. It proactively promoted international layout, established overseas research and development centers for fan blades, and enhanced global competitiveness of the Company. Sinoma Blades introduced delicacy management and control, and strengthened the improvement of productivity; further enhanced synergies, while reducing costs and increasing efficiency through methods such as technological innovation, optimisation of craftsmanship and material substitution.

CTG accurately grasped the development trend of composite materials, optimized production and sales structure, and refined its production and sales synergies. CTG deepened structural adjustments of products, leading to the continuous increase in the proportion of high-end products. It adhered to the promotion of the leading new capacity construction in the industry, reduced costs and increased efficiency, and strengthened production efficiency and optimisation of benchmark management, resulting in continuous decline in comprehensive costs. Centering on the "Belt and Road" strategy, it has sped up the pace of internationalisation, and has proactively promoted the construction of overseas plants. Adhering to research, development and innovation, and strengthening and improving technical reserves resulted in steady rise in the production and sales of high-tech, flat, ultra-fine, alkali-resistant glass fiber and other high-tech products.

China Composites

China Composites overcame the adverse environment of continuous downturn in the wind power market, actively adjusted production and market strategies, realised cost-reduction and efficiency enhancement and improvement in management. The rotor blades business proactively devised the "Two Sea Strategy" to seize overseas market share and high ground. The gross profit margin of the products has always maintained a relatively high level in the industry and the production and sales volume of carbon fiber have achieved the historical highest level.

Its international business adhered to the exploration and expansion of the large "Belt and Road" market, while self-operated products and international trade business sector improved hand in hand. China Composites continuously promoted technological innovation and product research collaboration, and 12 new models of rotor blades were developed and designed in the first half of the year; T1000 grade carbon fiber has achieved an important breakthrough from trial to a hundred ton scale of production, taking a strategic and critical step towards the field of carbon field in the world.

Sinoma Advanced

Sinoma Advanced implemented "price stabilisation, quantity guarantee, cost reduction, receivables collection, inventory control and adjustment" as its major directional policy, kept a close eye on the market, reduced cost and increased efficiency, and continuously improved the capability of technological innovation. Sinoma Advanced has gained certain progress with vigorous expansion in the international market for its electroceramics and ceramic membranes; aluminium oxide ceramic has continuously promoted the use of ceramics as a grinding medium in the cement industry.

"Key technology patents for military and civilian high temperature ceramic base with wave-transparent materials" are recognised as the second batch of key and core technology intellectual property in Shandong province; with a breakthrough in key craftsmanship of large-size glass ceramic, the quality of products has been significantly augmented; tantalum-cerium ceramic substrate with high thermal conductivity solved the key technical problems of shaping and sintering, and has been providing samples for downstream users in small batches.

Engineering Services Segment

Sinoma International

Sinoma International centered closely on the twelve-words work direction of "maintaining steady growth, adjusting economic structure, promoting reforms and enhancing Party building", proactively implemented the "five excellent" strategy, namely "excellent skills, excellent quality, excellent service, excellent price, excellent profit", fully leveraged the advantages of internationalised operation, deepened and consolidated the advantages of principal business, and steadily proceeded with business transformation.

Continuously strengthening the whole process of EPC delicacy administration, Sinoma International enhanced measures related to internal synergies and resource allocation of each process. The global market share of cement equipment and engineering principal business remained as the top in the world. All six lines of Egypt's GOE were completed as scheduled, and passed a one-off performance examination.

Strengthening localized operations and market cultivation, Sinoma International successfully entered into engineering contracts in various fields such as lipid production line from Algeria, ceramic production line from Iraq and a steel structure factory from UAE; kept track of customers' demand, continuously improved the informationisation and intelligence standard of production operation services in reliance on the BIM technological innovation service model; further consolidated the advantages of traditional EMC energy-saving services, pushed ahead with environmental protection projects in full effort, actively developed and explored businesses for synergetic disposal of cement kilns, exerted synergetic effect with building materials enterprises within the Group, invested in the lead acid battery separator project in Vietnam with EPC+ equity participation model, and achieved new outcomes with overseas industry investment and business expansion.

China Triumph

China Triumph captured the strategic opportunities arising from national industry upgrading as well as the "Belt and Road", expanded the overseas strategic layout of photovoltaic, intelligent agriculture, thin-film solar energy, new housing business, proactively promoted cooperation of international production capacity; for innovative engineering and business models, China Triumph explored: "operation + technology shareholding" new model, accelerated the overseas layout of cement, glass, new energy and other businesses; for innovated engineering development model, taking glass engineering as the core business, while China Triumph transforming new energy engineering, green housing engineering, becoming the largest Chinese-funded photovoltaic EPC leader in Europe. China Triumph built the largest ground power station in California of the United States and kept breaking the world record for the conversion efficiency of thin-film solar cells.

China Triumph made advancements to high-end markets and cultivated new businesses, produced world's thinnest 0.12mm ultra-thin float glass, increased the global influence, and developed a whole industry chain from research and development, design, equipment manufacturing to engineering services.

Sinoma Mining

Sinoma Mining has strengthened mining business connection with internal cement companies of the Group, and proactively expanded the traditional main business. Sinoma Mining promoted benchmark management, centralised procurement and project image enhancement work, strengthened our foundations, and maintained a favourable situation of stable and healthy development. Sinoma Mining proactively tracked the aggregate project, and explored the development opportunities for related resource-based industries.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of the year, the PRC Government insisted on the general principle of seeking progress while maintaining stability. High quality development, supply-side structural reform and "Three Tough Battles" are going to bring excellent opportunities for the enterprise. From the perspective of the industry, the production mechanism of peak shifting production has been gradually established, the industry awareness has been further strengthened, and efforts on environmental protection has been constantly increased. Moreover, the traditional peak season for sales in the second half of the year will be longer than that in the first half of the year. It is expected that the cement market will maintain upward trend amid stable performance in the second half of the year. From the perspective of enterprises, the synergy for the Merger of CNBM and Sinoma further increased the scale advantages and market capacity, and the synergetic effect will be further revealed. However, the contradiction of overcapacity in the industry has not been changed fundamentally. The pressure on resources, energy and environmental protection costs has increased. The supply-side structural reform task is arduous and the new development business is ever-changing, which bring about both opportunities and challenges.

The Group will continue to adhere to stability in development, quality in development and innovation in reform, strictly follow the management principles and operating measures such as "profit and efficiency as first priority, fine, delicate and streamlined, PCP, integration and optimisation and digitalisation", "price stabilisation, quantity guarantee, cost reduction, receivables collection, inventory control and adjustment", and fully promote reorganisation and integration. The Group will exert great efforts in business management, perform well with special tasks, and promote innovation and development.

From the perspective of reorganisation and integration, the Group will develop in-depth business integration, strive to complete the business sector restructure and integration as soon as practicable, strengthen internal coordination, and advance collectively towards high-end service for production and management. The Group will also optimize operating management, formulate a unified operation direction, enhance the competitive advantages of the main business, unleash the synergetic effect from reorganisation, and create benefits from 1+1>2.

From the perspective of operating management, the Group will focus on the main business, strengthen the main business, improve the quality of the main business development, strengthen the construction of profit platform, enhance the core competitiveness and profitability, adhere to the "PCP" business philosophy, implement industry self-discipline, promote market competition and cooperation, stabilize the price, and expand on quantity. The Group will also proactively implement "Eight Working Methods", "increasing, saving and reducing", create "Six-star Enterprise", reduce costs, and perform well with tasks such as receivables collection and inventory control.

For the special tasks, the Group will engage extensively with reduction projects, continuously adjust and optimize the organizational structure, carry out the control of Two Funds, comprehensively improve the debts collection and inventory control, strictly control capital expenditures, strictly control debt risks, optimize financing structure and financing model, strengthen capital management, and continuously reduce leverage and liabilities.

For innovation and development, the Group will promote the transformation and upgrading of the three major businesses of cement, new materials and engineering services, continue to enhance the competitiveness of the three major businesses with transformation centering on high-end, intelligent, green and globalisation, strengthen the construction of "double-creativity" platform, build a first-class R&D laboratory to enhance the quality and efficiency of scientific and technological achievements, proactively participate in the construction of the "Belt and Road", integrate overseas resources, accelerate the global layout, and proactively seek the establishment of marketised incentive mechanism to enhance corporate cohesion and vitality.

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2018.

MATERIAL TRANSACTIONS

Merger Agreement with Sinoma

On 8 September 2017, the Company and Sinoma entered into a merger agreement, pursuant to which, the Company and Sinoma have implemented the Merger subject to the terms and conditions of the Merger Agreement. After the completion of the Merger, Sinoma was merged into and absorbed by the Company in accordance with the Company Law and other applicable PRC laws. On 2 May 2018, the H Share Exchange (i.e. the issuance and dispatch of H Share certificates of the Company to Sinoma Share-Exchange Shareholders) and the Unlisted Share Exchange (i.e. share registration of the Unlisted Shares of the Company issued to Sinoma Share-Exchange Shareholders) have been completed. On 31 July 2018, the Company received a new business certificate dated 30 July 2018 issued by the Beijing Municipal Administration of Industry and Commerce (the "**BAIC**") reflecting the completion of the business registration update in connection with the Merger at the BAIC.

The highest relevant percentage ratio for transaction classification under the Listing Rules in respect of the relevant acquisition and the issue and exchange of the H Shares and Unlisted Shares of the Company pursuant to the Merger exceeded 25% and was lower than 100%. As a result, the Merger constituted a major transaction of the Company. In addition, as the Parent, the controlling shareholder of the Company, then controlled more than 30% of the equity interest in Sinoma through Sinoma Parent, a wholly-owned subsidiary of the Parent, Sinoma was therefore an associate of the Parent and hence a connected person of the Company. The Merger therefore also constituted a connected transaction of the Company.

The details of the Merger have been disclosed in the Company's joint announcement dated 8 September 2017, the announcement dated 29 September 2017, the merger document, the circular and the joint announcement dated 20 October 2017, the joint announcement dated 6 November 2017, the supplemental circular and the joint announcement dated 17 November 2017, the joint announcement dated 23 November 2017, the announcement dated 6 December 2017, the overseas regulatory announcement dated 7 December 2017, the joint announcement dated 18 December 2017, the joint announcement dated 21 December 2017, the overseas regulatory announcement dated 22 December 2017, the joint announcement dated 29 December 2017, the announcement dated 25 January 2018, the joint announcement dated 16 March 2018, the joint announcement and the announcement dated 29 March 2018, the announcement dated 6 April 2018, the announcement dated 2 May 2018 and the announcement dated 31 July 2018. As of the date of this announcement, this transaction and the Company's registration procedures for the Merger with the industrial and commercial administration have been completed, and the industrial and commercial de-registration of Sinoma is yet to be completed.

The Financial Services Framework Agreement

On 23 March 2018, the Company and Sinoma Group Finance Co., Ltd. (中材集團財務有限公司) ("Sinoma Finance") entered into the Financial Services Framework Agreement ("Framework Agreement") with a term of two years from 1 January 2018 to 31 December 2019, pursuant to which, Sinoma Finance has agreed to provide the Group with deposit services, loan services and other financial services approved by the CBRC on a non-exclusive basis subject to the terms and conditions therein.

As one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the provision of deposit services under the Framework Agreement exceeded 25%, the deposit services to be provided by Sinoma Finance to the Group constituted a major transaction, which is subject to the reporting, announcement and shareholders' approval requirements of Chapter 14 of the Listing Rules. The Framework Agreement and the provision of deposit services and the cap of the deposit services contemplated thereunder were approved by independent Shareholders at the annual general meeting of the Company held on 13 June 2018.

The details of the Financial Services Framework Agreement signed with Sinoma Finance have been disclosed in the announcement and circular of the Company dated 23 March 2018 and 25 April 2018, respectively.

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

For the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed 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 2018, the Company complied 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. In view that Mr. Song Zhiping ceased to serve as a director of the Company with effect from 13 June 2018, Mr. Peng Shou was elected as a member of the strategic steering committee for the vacancy and Mr. Cao Jianglin was elected as the chairman of the strategic steering committee at the seventh meeting of the fourth session of the Board held on 13 June 2018. 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 2017 and proposals relating to the working arrangement in 2018.

Nomination Committee

The Company has established a nomination committee which comprises three Directors, including one executive Director and two independent non-executive Directors. In view that Mr. Song Zhiping ceased to serve as a director of the Company with effect from 13 June 2018, Mr. Cao Jianglin was elected as a member of the nomination committee for the vacancy at the seventh meeting of the fourth session of the Board held on 13 June 2018. 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 of the fourth session of the Board and the appointment of senior management of the Company.

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. In view that Mr. Song Zhiping ceased to serve as a director of the Company with effect from 13 June 2018, Mr. Cao Jianglin was elected as a member of the remuneration and performance appraisal committee for the vacancy at the seventh meeting of the fourth session of the Board held on 13 June 2018. 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 total remuneration of the senior management members and the fees of new directors of the Company for 2017.

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 of the date of this announcement, the audit committee has reviewed the 2017 conclusion of internal audit work of the Company, the 2018 working plan, the appointment of auditors for the year 2018, determination of audit expenses for the year 2017, the 2017 annual report and the 2018 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. 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
"CBRC"	中國銀行業監督管理委員會 (China Banking Regulatory Commission*)
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Jushi"	中國巨石股份有限公司 (China Jushi Co., Ltd.)
"China Triumph"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United"	中國聯合水泥集團有限公司 (China United Cement Corporation)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"Company Law"	the Company Law of the People's Republic of China
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"CTG"	泰山玻璃纖維有限公司 (Taishan Fiberglass Inc.)
"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
"Double Four Reductions"	Four Reductions 1.0: hierarchy flattening, removing expendable units, downsizing and cutting the number of company cars; Four Reductions 2.0: cutting back on receivables, destocking, removing expendable legal entities and deleveraging
"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
"EPC"	turn-key project services that include design, procurement and construction
"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 registered capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HKD
"increasing, saving and reducing"	increasing revenue, saving cost and reducing energy consumption
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Merger Agreement"	the merger agreement dated 8 September 2017 entered into between the Company and Sinoma, pursuant to the terms and conditions of which the Company and Sinoma implemented the Merger
"Merger of CNBM and Sinoma" or "Merger"	the merger by absorption of Sinoma by the Company in accordance with the Company Law and other applicable PRC laws as stipulated under the Merger Agreement

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Ningxia Building Materials"	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
"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"	the People's Republic of China
"Qilianshan"	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
"Reporting Period"	the period from 1 January 2018 to 30 June 2018
"RMB"	Renminbi yuan, the lawful currency of the PRC
"Sanshi South"	浙江三獅南方新材料有限公司 (Sanshi South New Material Limited Company*)
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares, H Shares and Unlisted Foreign Shares
"Shareholder(s)"	holder(s) of Share(s)
"Sinoma"	中國中材股份有限公司 (China National Materials Company Limited), a joint stock company incorporated in the PRC with limited liability
"Sinoma Advanced"	中材高新材料股份有限公司 (Sinoma Advanced Materials Co., Ltd.)

"Sinoma Blade"	中材科技風電葉片股份有限公司 (Sinoma Wind Power Blade Co., Ltd.)
"Sinoma Cement"	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
"Sinoma International"	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
"Sinoma Mining"	中材礦山建設有限公司 (Sinoma Mining Construction Co., Ltd.)
"Sinoma Parent"	中國中材集團有限公司 (China National Materials Group Corporation Ltd.), a state-owned enterprise, which, prior to 2 May 2018, directly and indirectly holds approximately 43.87% of Sinoma's issued share capital and is a wholly-owned subsidiary of the Parent
"Sinoma Science & Technology"	中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd.)
"Sinoma Share-Exchange Shareholder(s)"	Shareholders of Sinoma before the completion of the Merger who were registered on the then register of shareholders of Sinoma on the record date for share exchange including such shareholders who did not declare, or were ineligible to declared, or invalidly declared to exercise the right to request for acquisition of their Shares or shares of Sinoma (as the case may be)
"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
"Taishan Gypsum"	泰山石膏有限公司 (Taishan Gypsum Co., Ltd*)
"Tianshan Cement"	新疆天山水泥股份有限公司 (Xinjiang Tianshan Cement Co., Ltd.*)
"Two Funds"	the amount of account receivables and the inventory amount
"Two Sea Strategy"	maritime strategy and overseas strategy
"Unlisted Foreign Shares"	the unlisted foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"Unlisted Shares"	the Domestic Shares and the Unlisted Foreign Shares

By Order of the Board
China National Building Material Company Limited*
Cao Jianglin
Chairman

Beijing, the PRC
24 August 2018

As at the date of this announcement, the board of directors of the Company comprises Mr. Cao Jianglin, Mr. Peng Jianxin, Mr. Peng Shou and Mr. Cui Xingtai as executive directors, Ms. Xu Weibing, Mr. Chang Zhangli, Mr. Tao Zheng, Mr. Chen Yongxin, Mr. Shen Yungang and Ms. Fan Xiaoyan 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*