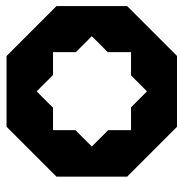


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CNBM

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)

(1) PROPOSED A SHARE ISSUE

(2) AMENDMENTS TO THE ARTICLES OF ASSOCIATION

(3) ADOPTION AND AMENDMENTS OF INTERNAL RULES

**(4) DISTRIBUTION PLAN OF ACCUMULATED UNDISTRIBUTED
PROFITS BEFORE A SHARE ISSUE**

AND

(5) BOOK CLOSURE PERIOD AND RECORD DATE

PROPOSED A SHARE ISSUE

The Board is pleased to announce that at a meeting of the Board held on 20 July 2011, it was resolved that the Board will convene an extraordinary general meeting and the class meetings of the H Shareholders and the Domestic Shareholders, respectively, for the grant of a Specific Mandate to the Board to allot and issue not more than 1 billion A Shares of RMB1.00 each to qualified price consultation participants, and natural persons, legal persons and other investors who have maintained share accounts with the Shanghai Stock Exchange (except those who are prohibited by the PRC laws, regulations and other regulatory requirements that the Company comply with), and for the approval to apply for the listing of, and permission to deal in, such A Shares on the Shanghai Stock Exchange at such time as considered appropriate and in the best interest of the Company.

The amount of funds to be raised from the proposed issue of A Shares cannot be confirmed as at the date of this announcement. However, the Company intends to apply the proceeds from the proposed A Share Issue, after deducting offering expenses, on acquisition, investment in fixed assets and alteration of information system, repayment of bank loans and replenishment of cash flow.

In the event that the proceeds from the proposed A Share Issue are not sufficient to finance the above investment projects, the Board will make arrangements for the use of the capital raised according to the importance and urgency of the investment projects and the shortfall will be dealt with by the Company's own fundraising. If there is any surplus, after deducting offering expenses, it will be applied to supplement the working capital of the Company. Further details in relation to the proposed A Share Issue will be disclosed in the circular to be dispatched to the Shareholders.

The proposed A Share Issue is subject to (i) approval by Shareholders at the EGM, (ii) the class meetings of the H Shareholders and the Domestic Shareholders and (iii) the approval of the CSRC, and other regulatory authorities.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Proposed Amendments to the Articles of Association

Proposed A Share Issue

In light of the proposed A Share Issue and certain requirements of the applicable PRC laws and regulations, certain amendments are proposed to be made to the Articles of Association. A special resolution to consider and approve such proposed amendments to the Articles of Association will be proposed at the EGM and will come into effect upon the issue and listing of the A Shares.

Coding Rules on Registration Numbers of Administration for Industry & Commerce

In light of the “Coding Rules on Registration Numbers of Administration for Industry & Commerce” 《工商行政管理註冊號編制規則》 issued by the State Administration for Industry & Commerce, an amendment is proposed to be made to the Articles of Association as the Company was issued with a new licence number. A special resolution to consider and approve such proposed amendment to the Articles of Association will be proposed at the EGM and will come into effect upon the passing of the resolution at the EGM.

Changes of names made by two shareholders of the Company

In light of the changes of names made by two shareholders of the Company from Beijing New Building Material (Group) Company Limited to Beijing New Building Material Group Company Limited and from China Cinda Asset Management Corporation to China Cinda Asset Management Co., Ltd, certain amendments are proposed to be made to the Articles of Association. A special resolution to consider and approve such proposed amendments to the Articles of Association will be proposed at the EGM and will come into effect upon the passing of the resolutions at the EGM.

Details of the proposed amendments to the Articles of Association will be set out in the circular to be dispatched to the Shareholders.

Effectuated amendments to the Articles of Association

Bonus issue of shares

In light of the increase in the Company's registered capital caused by the Bonus Issue of Shares, amendments are to be made to the Articles of Association. The Shareholders had on 3 June 2011 passed a special resolution authorising any one director of the Company to take any action and execute any document as he thinks necessary or fit to effect and implement the Bonus Issue of Shares including but not limited to increasing the registered capital of the Company and making necessary amendments to the Articles of Association as a result of the completion of the Bonus Issue of Shares. Such amendments to the Articles of Association came into effect upon the passing of the resolutions by the Board on 20 July 2011.

ADOPTION OF NEW INTERNAL RULES AND AMENDMENTS OF EXISTING INTERNAL RULES

In addition, pursuant to the requirements of the applicable PRC laws and regulations and the relevant rules of the Shanghai Stock Exchange on which the A Shares will be listed, the Board proposes to (i) adopt the New Internal Rules (including the Relevant New Internal Rules) and (ii) amend the Existing Internal Rules.

The adoption of the Relevant New Internal Rules is subject to the approval of the Shareholders at the EGM and will come into effect upon the issue and listing of the A Shares.

Details of the adoption of the Relevant New Internal Rules will be set out in the circular to be dispatched to the Shareholders.

PROPOSED RENAMING OF THE REMUNERATION COMMITTEE

To accommodate the proposed A Share Issue and to enhance corporate governance, on 20 July 2011, the Board resolved to rename the Remuneration Committee to the Remuneration and Performance Appraisal Committee and accordingly to also rename the Detailed Working Rules for the Remuneration Committee to the Detailed Working Rules for the Remuneration and Performance Appraisal Committee.

The proposed renaming of the Remuneration Committee came into effect upon the passing of the resolution by the Board on 20 July 2011.

DISTRIBUTION PLAN OF ACCUMULATED UNDISTRIBUTED PROFITS BEFORE A SHARE ISSUE

In light of the proposed A Share Issue, it is proposed that the accumulated undistributable profits accrued prior to the completion of the A Share Issue will be shared by the new and existing Shareholders of the Company after the A Share Issue in proportion to their respective shareholdings (subject to each of them being a member of the register of members of the Company on the record date for the declaration of the relevant distributable profits.)

The adoption of the distribution plan of accumulated undistributed profits before the A Share Issue is subject to the approval of the Shareholders at the EGM.

BOOK CLOSURE PERIOD AND RECORD DATE

In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 17 August 2011 to Friday, 16 September 2011 (both days inclusive) during which period no transfer of Shares will be effected. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on Friday, 16 September 2011 will be entitled to attend and vote at the EGM. In order for the H Shareholders to qualify for attending and voting at the EGM, Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Tricor Investor Services Limited, the Company's H Share registrar in Hong Kong, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Tuesday, 16 August 2011. Shareholders registered as at the record date will be entitled to attend and vote at the EGM.

The issue of A Shares pursuant to the Specific Mandate will constitute a variation of class rights of the H Shareholders and the Domestic Shareholders under the Articles of Association. Pursuant to the Articles of Association and Rule 19A.38 of the Listing Rules, the A Share Issue is required to be approved by way of special resolutions by the Shareholders at a general meeting and separate class meetings of the H Shareholders and Domestic Shareholders, respectively. Voting in the general meeting and class meetings will be taken by way of poll.

In the event that any connected person of the Company subscribes for any A Shares under the A Share Issue, the Company will comply with the relevant requirements under the Listing Rules.

CIRCULAR

A circular containing, among other things, the Specific Mandate in connection with the A Share Issue, details of the proposed A Share Issue, the proposed grant of authority to the Board in connection with the proposed A Share Issue, the proposed amendments to the Articles of Association, the adoption of the Relevant New Internal Rules and the distribution plan for accumulated undistributed profits before the completion of A Share Issue, and notice of EGM will be dispatched to the Shareholders as soon as practicable.

There is no assurance that the proposed A Share Issue will proceed. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares. Further details about the proposed A Share Issue will be disclosed by the Company in the PRC when the proposed A Share Issue materializes and appropriate disclosure will be made by the Company in Hong Kong concurrently in accordance with the Listing Rules.

This announcement is made by the Company pursuant to Rule 13.09, 19A.38 and 13.51(1) of the Listing Rules.

A. INTRODUCTION

The Board announces it will convene an extraordinary general meeting and the class meetings of the H Shareholders and the Domestic Shareholders, respectively, for the grant of a Specific Mandate to the Board to allot and issue not more than 1 billion A Shares of RMB1.00 each to qualified price consultation participants, and natural persons, legal persons and other investors who have maintained share accounts with the Shanghai Stock Exchange (except those who are prohibited by PRC laws, regulations and other regulatory requirements that the Company comply with), and for the approval to apply for the listing of, and permission to deal in, such A Shares on the Shanghai Stock Exchange at such time as considered appropriate and in the best interest of the Company.

The proposed A Share Issue is subject to (i) approval by Shareholders at the EGM, (ii) the class meetings of H Shareholders and Domestic Shareholders and (iii) the approvals of the CSRC and other regulatory authorities.

In light of (i) the proposed A Share Issue, (ii) certain requirements of the applicable PRC laws and regulations, (iii) the Coding Rules on Registration Numbers of Administration for Industry & Commerce issued by the State Administration for Industry & Commerce, (iv) changes of names made by two shareholders of the Company and (v) the Bonus Issue of Shares, the Board proposes to make certain amendments to the Articles of Association, adopt the New Internal Rules and amend the Existing Internal Rules.

To accommodate the proposed A Share Issue and to enhance corporate governance, on 20 July 2011, the Board resolved to rename the Remuneration Committee to the Remuneration and Performance Appraisal Committee and accordingly to also rename the Detailed Working Rules for the Remuneration Committee to the Detailed Working Rules for the Remuneration and Performance Appraisal Committee.

Also, in light of the proposed A Share Issue, it is proposed that the accumulated undistributable profits accrued prior to the completion of the A Share Issue will be shared by the new and existing Shareholders of the Company after the A Share Issue in proportion to their respective shareholdings (subject to each of them being a member of the register of members of the Company on the record date for the declaration of the relevant distributable profits).

This announcement is made by the Company pursuant to Rules 13.09, 19A.38 and 13.51(1) of the Listing Rules.

B. PROPOSED A SHARE ISSUE

(1) General

At the Board meeting of the Company held on 20 July 2011, it was resolved that the Board will convene an extraordinary general meeting and the class meetings of the H Shareholders and the Domestic Shareholders, respectively, for the grant of a Specific Mandate to the Board to allot and issue not more than 1 billion A Shares of RMB1.00 each (not exceeding approximately 18.52% of the existing total issued share capital and not exceeding approximately 15.63% of the total issued share capital of the Company upon the issue of the A Shares), to qualified price consultation participants, and natural persons, legal persons and other investors who have maintained share accounts with the Shanghai Stock Exchange (except those who are prohibited by the PRC laws, regulations and other regulatory requirements that the Company comply with), and for the approval to apply to the Shanghai Stock Exchange for the listing of, and dealing in, its A Shares at such time as considered appropriate and in the best interest of the Company. The final number of A Shares to be issued will be decided by the Board, subject to the Specific Mandate, approval by the CSRC and having regard to the relevant circumstances and in consultation with the lead underwriter.

It is expected that such investors will not include connected persons (as defined under the Listing Rules) of the Company. If any of such investors will include connected persons of the Company, the Company will take steps to comply with the relevant connected transaction requirements under the Listing Rules. At present, the H Shares of the Company are listed on the main board of the Hong Kong Stock Exchange.

Since the issue price of the A Shares will be determined at the time for the issue of A Shares, the total amount of the proceeds from the proposed A Share Issue cannot be determined at the present stage. The size and pricing of the proposed A Share Issue will be determined based on the PRC securities market condition at that time and subject to approvals by all relevant PRC regulatory authorities and relevant regulations, including the Listing Rules. A further announcement will be made when more details are available.

(2) Structure of the proposed A Share Issue

Type of securities to be issued: A Shares.

Number of A Shares to be issued: Not more than 1 billion A Shares of RMB1.00 each (not exceeding approximately 18.52% of the existing total registered share capital and not exceeding approximately 15.63% of the total registered share capital of the Company upon the issue of the A Shares). The final number of A Shares to be issued will be decided by the Board, subject to the Specific Mandate, approval by the CSRC and having regard to the relevant circumstances and in consultation with the lead underwriter.

Nominal value: RMB1.00 each.

Place of listing: Shanghai Stock Exchange

Rights attached to A Share: The A Shares to be issued are listed Domestic Shares and, except as otherwise provided for in the applicable laws, rules and regulations and the Articles of Association, will rank pari passu with the existing Domestic Shares and H Shares in all respects.

Target subscribers: Qualified price consultation participants, and natural persons, legal persons and other investors who have maintained share accounts with the Shanghai Stock Exchange (except those who are prohibited by the PRC laws, regulations and other regulatory requirements that the Company comply with).

Method of issue:	The issue will be conducted by a combination of placement of shares to participants through offline price consultation and a public offering of shares through online subscriptions (or such other way(s) as will be approved by the CSRC).
Basis for determining the issue price:	The issue price range for the A Shares will be determined through preliminary price consultations with qualified price consultation participants, and the issue price will be determined within the issue price range based on the cumulative bidding price consultations and the market conditions. The final issue price is to be determined by the Board after discussion with the lead underwriter. The issue price and the amount to be raised from the proposed A Share Issue cannot be ascertained as at the date of this announcement because the market consultation can only be conducted after all the requisite approvals have been obtained. The Company will make the requisite announcement once the issue price is confirmed.
Date of issue and listing:	Upon approval of the CSRC and the Shanghai Stock Exchange, decision will be made by the Board upon consultation with the lead underwriter and the relevant regulatory departments pursuant to the authorisation of the general meeting of Shareholders.
Proposed Listing of Domestic Shares:	At the same time as applying for the issue of the A Shares, the Domestic Shares will be converted into A shares (which belong to the same class of shares as the A Shares) and the Company will at the same time apply for all the Domestic Shares to be listed on the Shanghai Stock Exchange. Such shares will comply with the laws and regulations relating to the lock-up requirement.

Use of proceeds:

The total amount of capital raised from the A Share Issue will be used in the following manner after deduction of the expenses incurred for the A Share Issue:

- (a) acquisition, investment in fixed assets and alteration of information system, approximate RMB8 billion; and
- (b) repayment of bank loans and replenishment of cash flow, approximate RMB7 billion.

In the event that the proceeds from the proposed A Share Issue are not sufficient to finance the above investment projects, the Board will make arrangements for the use of the capital raised according to the importance and urgency of the investment projects. If there is any surplus, after deducting offering expenses, it will be applied to supplement the working capital of the Company.

Validity period of
the Specific Mandate:

The period commencing from the passing of the special resolutions granting the Specific Mandate with respect to the issue of A Shares at the Shareholders' general meeting and the respective class meetings until the expiration of the 12-month period following the passing of the special resolutions.

Listing Application:

Application will be made by the Company to the Shanghai Stock Exchange for the granting of the listing of, and permission to deal in, all A Shares issued pursuant to the issue of A Shares.

(3) Authorisation for the Board to implement the issue of the A Shares and related matters

In connection with the proposed A Share Issue, the Company proposed to authorise the Board to determine and deal with at its discretion and with full authority, matters relating to the A Share Issue and the proposed listing of the A Shares on the Shanghai Stock Exchange (including but not limited to the timing of the issue, the price range for the pricing consultation, the final issue price, the final number of A Shares to be issued, the proportion for the online and offline subscription and the use of the proceeds). The authorisation of the Board to determine and deal with matters relating to the A Share Issue is subject to approval by the Shareholders at the EGM.

(4) Shareholders' approval and other approvals

The EGM will be held on Friday, 16 September 2011 to consider and, if thought fit, approve, among other things, the proposed A Share Issue and to authorise the Board to determine and deal with at its discretion and with full authority, matters relating to the proposed A Share Issue (including but not limited to timing of the issue, the price range for the pricing consultation, the final issue price, the final number of A Shares to be issued, the proportion for the online and offline subscription and the use of the proceeds). The approval in respect of the proposed A Share Issue by the Shareholders at the EGM will be valid and effective for a period of 12 months from the date when such approval is obtained.

It should be noted that the proposed A Share Issue, upon approval by Shareholders at the EGM and class meetings, is still subject to the approvals of the CSRC and other relevant regulatory authorities, as required. In addition, the approval of the Shanghai Stock Exchange for the listing of and dealing in the A Shares is required.

As at the date of this announcement, no application has been made by the Company to any PRC authorities in relation to the proposed A Share Issue. The Company will submit an application to the CSRC for the proposed A Share Issue after the relevant approvals have been obtained from the Shareholders at the EGM and class meetings.

(5) Listing Rule Implications

The issue of A Shares pursuant to the Specific Mandate will constitute a variation of class rights of the H Shareholders and the Domestic Shareholders under the Articles of Association. Pursuant to the Articles of Association and Rule 19A.38 of the Listing Rules, the A Share Issue is required to be approved by the Shareholders by way of special resolutions at a general meeting and separate class meetings of the H Shareholders and Domestic Shareholders, respectively. Voting in the general meeting and class meetings will be taken by way of poll.

In the event that any connected person of the Company subscribes for any of the A Shares under the A Share Issue, the Company will comply with the relevant disclosure requirements under the Listing Rules.

(6) Reasons for and benefits of the proposed A Share Issue

The Company believes that the proposed A Share Issue will further broaden financing sources in capital markets, optimise capital structure and accelerate the speed of development of the Company. The Company believes that the proposed A Share Issue will benefit the Company and Shareholders as a whole.

(7) Conditions for the issue of A Shares

The issue of A Shares will be subject to the following conditions, among others, having been satisfied:

- (1) the approvals having been granted by the Shareholders by way of special resolutions at a general meeting and class meetings for the issue of A Shares; and
- (2) all necessary approvals, consents from the relevant governmental and regulatory authorities, including but not limited to the approval from the CSRC, in relation to the issue of A Shares having been obtained.

(8) Fund raising in the past twelve months

In order to broaden the shareholders' base and the capital basis of the Company and to raise capital for its future business development, on 14 September 2010, the Company entered into a placing agreement with Morgan Stanley & Co. International plc and China International Capital Corporation Hong Kong Securities Limited, in relation to the placing of an aggregate of 238,947,729 H Shares of RMB1.00 each in the share capital of the Company (“**Placing Shares**”) at a gross price of HK\$16.00 per Placing Share and a net price of HK\$15.79 per Placing Share to investors. The gross price represented a discount of 6.5% to the closing price of HK\$17.12 per H Share as quoted on the Stock Exchange on 14 September 2010, being the last full trading day immediately before the signing of the placing agreement. The Placing Shares comprised (1) 218,297,858 H Shares (the “**New Shares**”) to be allotted and issued by the Company and (2) 20,649,871 H Shares (the “**Sale Shares**”) to be converted from the same number of existing state-owned domestic shares transferred from Parent, BNBMG, Building Materials Academy and CNBM Trading (excluding the state-owned domestic shares held by Cinda) to the National Social Security Fund Council. The Placing Shares represented approximately 19.9% of then issued H share capital of the Company and approximately 16.6% of the issued H share capital of the Company as enlarged by the issue of the New Shares. The net proceeds of the placing of the New Shares were approximately HK\$3,428,923,178 after deducting the commission and expenses of the placing. The Company intended to use the net proceeds from the placing of the New Shares for the repayment of bank loans and general working capital of the Company. The entire net proceeds from the placing of the Sale Shares were remitted to the Ministry of Finance of the PRC.

Unless otherwise specified above, the Company has not conducted any fund raising activities involving the issue of equity shares within the 12 months immediately prior to the date of this announcement.

WARNING: The A Share Issue may or may not proceed. Potential investors and Shareholders are therefore advised to exercise caution when dealing in the securities of the Company.

(9) Effect of the proposed A Share Issue on the Company's shareholding structure

Assuming that a total of 1 billion A Shares of RMB1.00 each will be issued under the A Share Issue and that the Company will not issue and allot further Shares prior to the A Share Issue, the expected shareholding structure of the Company immediately before and immediately upon completion of the A Share Issue is set out and summarised as follows:-

	As at the date of this announcement		Immediately after completion of the A Share Issue	
	Number of Shares of RMB1.00 each	As a percentage of total registered share capital (%)	Number of Shares of RMB1.00 each	As a percentage of total registered share capital (%)
(1) Domestic Shares*				
Parent	666,962,522	12.35%	640,494,226	10.01%
BNBMG	1,485,566,956	27.52%	1,426,612,479	22.29%
CNBM Trading	227,719,530	4.22%	218,682,518	3.42%
Cinda	138,432,308	2.56%	138,432,308	2.16%
Building Materials				
Academy	1,173,050	0.02%	1,126,498	0.02%
New A Shareholders	—	—	1,000,000,000	15.63%
NSSF(附註)	—	—	94,506,337	1.48%
Sub total:	<u>2,519,854,366</u>	<u>46.67%</u>	<u>3,519,854,366</u>	<u>55.01%</u>
(2) H Shares	<u>2,879,171,896</u>	<u>53.33%</u>	<u>2,879,171,896</u>	<u>44.99%</u>
Total	<u><u>5,399,026,262</u></u>	<u><u>100.00%</u></u>	<u><u>6,399,026,262</u></u>	<u><u>100.00%</u></u>

Note: According to the “Implementation Measures in respect of the Transfer of Part of State-owned shares to the National Council for Social Security Fund in the Domestic Security Market (境內證券市場轉持部分國有股充實全國社會保障基金實施辦法), if any joint stock limited company with state-owned shares conducts initial public offering and listing of its state-owned shares in the domestic security market, part of the state-owned shares (based on 10% of the actual issued shares) of the listed company will be transferred to NSSF for holding.

According to the “Notice on the Reduction of State-owned Shares of Financial Asset Management Companies and State-owned Banks” (關於金融資產管理公司和國有銀行國有股減持有關問題的通知) issued by the Ministry of Finance of the PRC, state-owned domestic shares held by Cinda are not required to be transferred to the NSSF.

The final plan in relation to the transfer of state-owned shares is subject to approval of the state-owned assets supervision and administration authorities and the actual number of A Shares to be issued.

- * As from the completion of the A Share Issue, the Domestic Shares will be converted into A shares (which belong to the same class of shares as the A Shares).

According to the relevant PRC laws and regulations and the relevant requirements of the CSRC and the Shanghai Stock Exchange, Domestic Shares issued before the proposed A Share Issue will be converted into A Shares conditional upon completion of the A Share Issue and the listing of the A Share on the Shanghai Stock Exchange. Except for the relevant requirements relating to the lock-up period under the relevant laws and regulations and the listing rules of the Shanghai Stock Exchange, such A Shares will carry the same rights as the A Shares issued by the Company in the A Share Issue.

C. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Proposed Amendments to the Articles of Association

Proposed A Share Issue

In light of the proposed A Share Issue and certain requirements of the applicable PRC laws and regulations, certain amendments are proposed to be made to the Articles of Association.

A special resolution to consider and approve the proposed amendments to the Articles of Association will be proposed at the EGM and will come into effect upon the issue and listing of the A Shares.

Coding Rules on Registration Numbers of Administration for Industry & Commerce

In light of the “Coding Rules on Registration Numbers of Administration for Industry & Commerce” 《工商行政管理註冊號編制規則》 issued by the State Administration for Industry & Commerce, the licence number referred to in the Articles of Association is proposed to be changed from 1000001000349 to 100000000003498.

A special resolution to consider and approve the proposed amendment to the Articles of Association will be proposed at the EGM and will come into effect upon the passing of the resolution at the EGM.

Changes of names made by two shareholders of the Company

In light of the changes in the names made by two shareholders of the Company from Beijing New Building Material (Group) Company Limited to Beijing New Building Material Group Company Limited and from China Cinda Asset Management Corporation, to China Cinda Asset Management Co., Ltd., references to the relevant names in the Articles of Association are proposed to be changed accordingly in the Articles of Association.

A special resolution to consider and approve the proposed amendments to the Articles of Association will be proposed at the EGM and will come into effect upon the passing of the resolutions at the EGM.

Details of the proposed amendments to the Articles of Association will be set out in the circular to be dispatched to the Shareholders.

Effectuated Amendments to the Articles of Association

Bonus issue of shares

In light of the increase in the Company's registered capital caused by the Bonus Issue of Shares, certain amendments are to be made to the Articles of Association. The Shareholders had on 3 June 2011 passed a special resolution authorising any director of the Company to take any action and execute any document as he thinks necessary or fit to effect and implement the Bonus Issue of Shares including but not limited to increasing the registered capital of the Company from 2,699,513,131 Shares to 5,399,026,262 Shares and making necessary amendments to the Articles of Association as a result of the completion of the Bonus Issue of Shares.

Such amendments to the Articles of Association came into effect upon the passing of the resolutions by the Board on 20 July 2011.

D. ADOPTION OF NEW INTERNAL RULES AND AMENDMENT OF EXISTING INTERNAL RULES

In addition, pursuant to the requirements of the applicable PRC laws and regulations and the relevant rules of the Shanghai Stock Exchange on which the A Shares will be listed, the Board proposes to (i) adopt the New Internal Rules (including the Relevant New Internal Rules) and (ii) amend the Existing Internal Rules.

The adoption of the Relevant New Internal Rules is subject to the approval of the Shareholders at the EGM and will come into effect upon the issue and listing of the A Shares.

Details of the adoption of the Relevant New Internal Rules will be set out in the circular to be dispatched to the Shareholders.

E. PROPOSED RENAMING OF THE REMUNERATION COMMITTEE

To accommodate the proposed A Share Issue and to enhance corporate governance, on 20 July 2011, the Board resolved to rename the Remuneration Committee to the Remuneration and Performance Appraisal Committee and accordingly to also rename the Detailed Working Rules for the Remuneration Committee to the Detailed Working Rules for the Remuneration and Performance Appraisal Committee.

The proposed renaming of the Remuneration Committee came into effect upon the passing of the resolution by the Board on 20 July 2011.

F. DISTRIBUTION PLAN OF ACCUMULATED UNDISTRIBUTED PROFITS BEFORE A SHARE ISSUE

In light of the proposed A Share Issue, it is proposed that the accumulated undistributable profits accrued prior to the completion of the A Share Issue will be shared by the new and existing Shareholders of the Company after the A Share Issue in proportion to their respective shareholdings (subject to each of them being a member of the register of members of the Company on the date the relevant distributable profits are to be declared).

The adoption of the distribution plan of accumulated undistributed profits before the A Share Issue is subject to the approval of the Shareholders at the EGM.

G. BOOK CLOSURE PERIOD AND RECORD DATE

In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 17 August 2011 to Friday, 16 September 2011 (both days inclusive) during which period no transfer of Shares will be effected. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on Friday, 16 September 2011 will be entitled to attend and vote at the EGM. In order for the H Shareholders to qualify for attending and voting at the EGM, Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Tricor Investor Services Limited, the Company's H Share registrar in Hong Kong, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai Hong Kong, and in any case no later than 4:30 p.m. on Tuesday, 16 August 2011. Shareholders registered as at the record date will be entitled to attend and vote at the EGM.

H. EGM

The EGM will be convened on Friday, 16 September 2011 at the No. A-11 Sanlihe Road, Haidian District, Beijing, the People's Republic of China.

The proposed A Share Issue, proposed grant of authority to the Board in connection with the proposed A Share Issue, proposed amendments to the Articles of Association, the adoption of the Relevant New Internal Rules, and the distribution plan of accumulated undistributed profits before A Share Issue will be proposed at the EGM.

I. CIRCULAR

A circular containing, among other things, the Specific Mandate in connection with the issue of A Shares, details of the proposed A Share Issue, the proposed grant of authority to the Board in connection with the proposed A Share Issue, proposed amendments to the Articles of Association, adoption of the Relevant New Internal Rules, the distribution plan of accumulated undistributed profits before A Share Issue, and notice of EGM will be dispatched to Shareholders as soon as practicable.

As at the date of this announcement, no application has been made by the Company to any PRC authorities in relation to the proposed A Share Issue. The Company will submit an application to the CSRC for the proposed A Share Issue after approvals have been obtained from the Shareholders at the EGM and class meetings.

J. GENERAL

There is no assurance that the proposed A Share Issue will proceed. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares. Further details about the proposed A Share Issue will be disclosed by the Company in the PRC when the proposed A Share Issue materialises and appropriate disclosure will be made by the Company in Hong Kong concurrently in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the following meanings unless the context requires otherwise:

- “A Share(s)” the ordinary shares to be subscribed for in RMB, which are proposed to be issued and allotted by the Company to qualified price consultation participants, and natural persons, legal persons and other investors who have maintained share accounts with the Shanghai Stock Exchange (except those who are prohibited by the PRC laws, regulations and other regulatory requirements that the Company comply with), and to be listed on the Shanghai Stock Exchange
- “A Shareholders” the holders of A shares (including the holder of A Shares)
- “A Share Issue” the proposed allotment and issue of not more than 1 billion A Shares of RMB1.00 each (not exceeding approximately 18.52% of the existing total issued share capital and not exceeding approximately 15.63% of the total issued share capital of the Company upon the issue of A Shares) to qualified price consultation participants, and natural persons, legal persons and other investors who have maintained share accounts with the Shanghai Stock Exchange (except those who are prohibited by the PRC laws, regulations and other regulatory requirements that the Company comply with), which A Shares are proposed to be listed on the Shanghai Stock Exchange
- “Articles of Association” the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
- “BNBMG” 北新建材集團有限公司 (Beijing New Building Material Group Company Limited, formerly known as Beijing New Building Material (Group) Company Limited)
- “Board” the board of Directors of the Company

“Bonus Issue of Shares”	issue of ten new Shares for every ten existing Shares to the Shareholders on the register of members of the Company made by the Company on 13 June 2011
“Building Materials Academy”	中國建築材料科學研究總院(China Building Materials Academy)
“Cinda”	中國信達資產管理股份有限公司(China Cinda Asset Management Co., Ltd, formerly known as China Cinda Asset Management Corporation)
“CNBM Trading”	中建材集團進出口公司(China National Building Material Import and Export Company)
“Company”	中國建材股份有限公司 (China National Building Material Company Limited), a company incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Domestic Shareholders”	holders of Domestic Shares
“Domestic Shares”	the ordinary shares of RMB1.00 each issued by the Company under PRC law, which are subscribed for or credited as fully paid up in RMB (these Shares will be converted into A shares (which belong to the same class of shares as the A Shares) upon the completion of the A Share Issue

“EGM”	the extraordinary general meeting of the Company to be held on Friday, 16 September 2011 at the No. A-11 Sanlihe Road, Haidian District, Beijing, the People’s Republic of China, to consider, and if thought fit, to approve, inter alia, the proposed A Share Issue, proposed grant of authority to the Board in connection with the proposed A Share Issue, proposed amendments to the Articles of Association, the adoption of the Relevant New Internal Rules and the distribution plan of accumulated undistributed profits before the completion of A Share Issue
“Existing Internal Rules”	(1) Detailed Working Rules for the Audit Committee; (2) Detailed Working Rules for the Remuneration Committee; (3) Rules for the Management of Disclosing Information; (4) Solutions for the Management of Investor Relations and (5) Code for Securities Dealing
“Group”	the Company and its subsidiaries
“H Shareholders”	holders of H Shares
“H Shares”	overseas listed foreign invested shares of RMB1.00 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Internal Rules”	the Existing Internal Rules and the New Internal Rules

“New Internal Rules”	(1) Rules for Management of Connected Transactions; (2) Rules for Management of Funds Raised from Capital Markets; (3) Rules for Shareholders’ General Meetings; (4) Rules for Board Meetings; (5) Working Rules for Independent Directors; (6) Rules for Supervisory Board Meetings; (7) Detailed Working Rules for General Manager (CEO); and (8) Detailed Working Rules for Company Secretary of the Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“NSSF”	中國全國社會保障基金理事會 (the National Council for Social Security Fund of the PRC*), an organization authorised by the State Council of the PRC to be responsible for the administration of the national social security fund
“Parent”	中國建築材料集團有限公司 (China National Building Material Group Corporation)
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan
“Relevant New Internal Rules”	(1) Rules for Management of Connected Transactions; (2) Rules for Management of Funds Raised from Capital Markets; (3) Rules for Shareholders’ General Meetings; (4) Rules for Board Meetings; (5) Working Rules for Independent Directors; and (6) Rules for Supervisory Board Meetings.
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares

“Shares”	Domestic Share(s) and the H Share(s)
“Specific Mandate”	the specific mandate granted by the Shareholders to the issue of A Shares as described in “A. Introduction”
“%”	per cent

The exchange rate adopted in this announcement for illustration purposes only is RMB1.00 = HK\$1.21.

On behalf of the Board
China National Building Material Company Limited
Chang Zhangli
Secretary of the Board

Beijing, the PRC
20 July 2011

As at the date of this announcement, the board of directors of the Company comprises Mr Song Zhiping, Mr Cao Jianglin, Mr Li Yimin, Mr Peng Shou and Mr Cui Xingtai as executive directors, Ms Cui Lijun, Mr Huang Anzhong and Mr Zuo Fenggao, as non executive directors, and Mr Zhang Renwei, Mr Zhou Daojiong, Mr Chi Haibin, Mr Li Decheng and Mr Lau Ko Yuen, Tom, as independent non-executive directors.

* *For identification only*