CNBM

China National Building Material Company Limited*

中 國 建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

Announcement of Annual Results
For the Year Ended 31 December 2013

The audited consolidated revenue of the Group amounted to RMB117,688 million for the year ended 31 December 2013, representing an increase of 34.9% over the same period in 2012.

The audited profit attributable to equity holders of the Group was RMB5,762 million, representing an increase of 3.3% over the same period in 2012.

Basic earnings per share was RMB1.07, representing an increase of 3.3% over the same period in 2012.

The Board recommends to distribute a final dividend of RMB863,844,201.92 in total (pre-tax) for 2013 (2012: RMB836,849,070.61 in total (pre-tax)), representing RMB0.160 per share (pre-tax) (2012: RMB0.155 per share (pre-tax)) based on 5,399,026,262 shares in issue as at the date of this announcement.

The Board is pleased to announce the consolidated results and the financial position of the Group for the year ended 31 December 2013 prepared in accordance with IFRS, together with the consolidated results and financial position for the year ended 31 December 2012 for comparison.

The audited financial statements of the Group for the year ended 31 December 2013 have been reviewed by the independent auditor, the Board and the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	**2013** *RMB'000*	2012 *RMB'000*
Revenue	3	**117,687,840**	87,217,629
Cost of sales		**(87,549,843)**	(67,089,167)
Gross profit		**30,137,997**	20,128,462
Investment and other income	5	**4,204,133**	5,200,305
Selling and distribution costs		**(6,928,479)**	(3,880,879)
Administrative expenses		**(8,134,660)**	(5,475,516)
Finance costs — net	6	**(9,306,502)**	(6,507,145)
Share of profit of associates		**630,536**	458,642
Profit before income tax	7	**10,603,025**	9,923,869
Income tax expense	8	**(2,291,155)**	(2,186,883)
Profit for the year		**8,311,870**	7,736,986
Profit attributable to:			
Owners of the Company		**5,761,854**	5,579,601
Non-controlling interests		**2,550,016**	2,157,385
		8,311,870	7,736,986
Earnings per share — basic and diluted *(RMB)*	10	**1.07**	1.03
Dividends			
— paid	9	**836,849**	1,160,791
— proposed	9	**863,844**	836,849

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
Profit for the year	**8,311,870**	7,736,986
Other comprehensive income/(expense), net of tax: *(Note 8(b))*		
Items that may be subsequently reclassified to profit or loss		
— Currency translation differences	**(72,404)**	3,305
— Changes in fair value of available-for-sale financial assets	**202,477**	(6,019)
— Shares of associates' other comprehensive (expense)/income	**(50,327)**	834
Other comprehensive income/(expense) for the year, net of tax	**79,746**	(1,880)
Total comprehensive income for the year	**8,391,616**	7,735,106
Total comprehensive income attributable to:		
Owners of the Company	**5,850,256**	5,578,960
Non-controlling interests	**2,541,360**	2,156,146
Total comprehensive income for the year	**8,391,616**	7,735,106

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	**2013** ***RMB'000***	2012 *RMB'000*
Non-current assets			
Property, plant and equipment		**123,486,020**	105,413,739
Prepaid lease payments		**13,612,734**	11,667,731
Investment properties		**312,069**	318,842
Goodwill		**42,310,902**	31,002,443
Intangible assets		**4,506,125**	3,420,644
Interests in associates		**7,751,123**	6,350,167
Available-for-sale financial assets		**1,388,149**	575,337
Deposits		**8,297,064**	8,409,669
Deferred income tax assets		**2,710,241**	1,764,154
		204,374,427	168,922,726
Current assets			
Inventories		**14,721,004**	12,222,221
Trade and other receivables	11	**52,211,189**	45,611,201
Held-for-trading investments		**189,897**	247,663
Amounts due from related parties		**8,259,238**	5,824,406
Pledged bank deposits		**2,895,511**	3,383,274
Cash and cash equivalents		**8,979,909**	10,222,056
		87,256,748	77,510,821
Current liabilities			
Trade and other payables	12	**48,327,065**	47,250,608
Amounts due to related parties		**2,522,711**	2,023,967
Borrowings — amount due within one year		**113,341,816**	90,751,945
Obligations under finance leases		**2,678,785**	1,749,899
Current income tax liabilities		**2,119,409**	1,926,978
Dividend payable to non-controlling interests		**405,316**	214,366
		169,395,102	143,917,763
Net current liabilities		**(82,138,354)**	(66,406,942)
Total assets less current liabilities		**122,236,073**	102,515,784

	Note	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Borrowings — amount due after one year		**56,866,432**	51,864,572
Deferred income		**1,398,280**	1,026,178
Obligations under finance leases		**7,980,801**	3,514,960
Financial guarantee contracts due after one year		**57,444**	60,150
Deferred income tax liabilities		**2,357,217**	1,985,077
		68,660,174	58,450,937
Net assets		**53,575,899**	44,064,847
Capital and reserves			
Share capital		**5,399,026**	5,399,026
Reserves		**29,979,397**	25,097,072
Equity attributable to			
Owners of the Company		**35,378,423**	30,496,098
Non-controlling interests		**18,197,476**	13,568,749
Total equity		**53,575,899**	44,064,847

AUDITOR'S WORK ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, Baker Tilly HK, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly HK in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly HK on the preliminary announcement.

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention, except for certain available-for-sale financial assets, held-for-trading investment and financial guarantee contracts, which are measured at fair values.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.

1.1 New and amended standards adopted by the Group

The following amendments to IFRSs are mandatory for the first time adoption for the accounting period beginning on 1 January 2013:

IFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 10, IFRS 11, IFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 13	Fair Value Measurement
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC Interpretation-20	Stripping Costs in the Production Phase of a Surface Mine
IFRSs (Amendments)	Annual Improvements to IFRSs 2009 — 2011 Cycle, except for amendments to IAS 1

Except for as described below, the application of the above new or revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 (as revised in 2011) "Separate Financial Statements" and IAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures", together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding transitional guidance.

IAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements. The impact of the application of these standards is set out below.

Impact of the application of IFRS 10

IFRS 10 replaces the parts of IAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and SIC-12 "Consolidation — Special Purpose Entities". IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of IFRS10 as to whether or not the Group has control over the investees in accordance with the new definition of control and the related guidance set out in IFRS10, and concluded that the application of IFRS10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

1.2 New and revised IFRSs issued but not yet effective

The following new standards and amendments to standards and interpretations have been issued but are not yet effective for the accounting period beginning on 1 January 2013 and have not been early adopted:

IFRS 9	Financial Instruments[3]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10, IFRS 12 and IAS 27 (as revised in 2011)(Amendments)	Investment Entities[1]
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contribution[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
IAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
IAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC — Interpretation 21	Levies[1]
IFRS (Amendments)	Annual Improvements to IFRSs 2010-2012 cycle[2]
IFRS (Amendments)	Annual Improvements to IFRSs 2011-2013 cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

3 Available for application- the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.

The directors of the Company anticipate that the application of the above new or revised IFRSs have been issued but are not yet effective will have no material impact on the results and the financial position of the Group.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. As at 31 December 2013, the carrying value of property, plant and equipment is approximately RMB123,486.02 million (2012: approximately RMB105,413.74 million).

Write down of inventories

During the year, the Group made write down of inventories provision of approximately RMB2.09 million (2012: approximately RMB2.56 million). The Group makes write down of inventories based on assessment of the net realisable value of inventories. Write down of inventories is applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories required the use of judgement and estimates on the conditions and usefulness of the inventories.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. As at 31 December 2013, the carrying amount of goodwill is approximately RMB42,310.90 million (2012: approximately RMB31,002.44 million).

Allowance for bad and doubtful debts

During the year, the Group provided allowance for bad and doubtful debts of approximately RMB253.55 million (2012: approximately RMB65.73 million) based on an assessment of the present value of the estimated future cash flow from trade and other receivables. Allowance on the estimated future cash flow is applied where events or changes in circumstances indicate that the part of or the whole balances may not be recoverable. The estimation of future cash flow from trade and other receivables requires the use of judgement and estimates.

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

Fair value measurements and valuation processes

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

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

3. REVENUE

	2013	2012
	RMB'000	*RMB'000*
Sale of goods	**110,157,827**	83,279,665
Provision of engineering services	**5,690,915**	3,935,849
Rendering of other services	**1,839,098**	2,115
	117,687,840	87,217,629

4. SEGMENTS INFORMATION

(a) Operating segments

For management purpose, the Group is currently organised into six major operating divisions during the year — cement, concrete, lightweight building materials, glass fiber and composite materials, engineering services and others. These activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Cement	—	Production and sale of cement
Concrete	—	Production and sale of concrete
Lightweight building materials	—	Production and sale of lightweight building materials
Glass fiber and composite materials	—	Production and sale of glass fiber and composite materials
Engineering services	—	Provision of engineering services to glass and cement manufacturers and equipment procurement
Others	—	Merchandise trading business and others

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

Year ended 31 December 2013

	Cement	Concrete	Lightweight building materials	Glass fiber and composite materials	Engineering services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Revenue								
External sales	72,011,384	27,182,581	6,981,573	2,277,150	5,787,304	3,447,848	—	117,687,840
Inter-segment sales *(Note)*	4,295,458	—	—	—	972,773	3,228,031	(8,496,262)	—
	76,306,842	27,182,581	6,981,573	2,277,150	6,760,077	6,675,879	(8,496,262)	117,687,840
Adjusted EBITDA	17,800,680	4,535,455	1,909,842	336,828	696,462	238,816	—	25,518,083
Depreciation and amortisation, and prepaid lease payments released to consolidated income statement	(4,744,973)	(818,328)	(313,276)	(105,943)	(56,850)	(24,922)	23,045	(6,041,247)
Unallocated other expense								(23,909)
Unallocated administrative expenses								(173,936)
Share of profit/(loss) of associates	440,234	2,776	3,473	146,485	(1,284)	38,852	—	630,536
Finance costs — net	(6,385,390)	(1,564,752)	(163,582)	(71,730)	(149,155)	(78,372)	—	(8,412,981)
Unallocated finance costs-net								(893,521)
Profit before income tax								10,603,025
Income tax expense								(2,291,155)
Profit for the year								8,311,870

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

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

	Cement	Concrete	Lightweight building materials	Glass fiber and composite materials	Engineering services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other information								
Capital expenditure:								
— Property, plant and equipment	5,099,646	418,091	702,494	176,532	42,183	297,061	—	6,736,007
— Prepaid lease payments	416,173	89,718	212,294	1,952	36,009	—	—	756,146
— Intangible assets	542,619	6,065	5,278	35,892	4,875	292,182	—	886,911
— Unallocated								79,595
	6,058,438	513,874	920,066	214,376	83,067	589,243		8,458,659
— Acquisition of subsidiaries	15,042,440	3,955,742	4,036	—	—	—		19,002,218
Depreciation and amortisation								
— Property, plant and equipment	4,205,388	800,919	282,349	90,940	47,245	22,184	(23,045)	5,425,980
— Intangible assets	270,348	1,260	4,137	7,346	5,442	725	—	289,258
— Unallocated								17,793
	4,475,736	802,179	286,486	98,286	52,687	22,909		5,733,031
Prepaid lease payments released to the consolidated income statement	269,237	16,149	26,790	7,657	4,163	2,013	—	326,009
Allowance for bad and doubtful debts	125,387	26,896	4,872	44,718	40,567	11,110	—	253,550
Write down of inventories	—	—	—	2,085	—	—	—	2,085
Statement of financial position								
Assets								
Segment assets	194,473,971	37,821,443	9,729,960	5,916,368	7,349,532	5,241,118	—	260,532,392
Investment in associates	5,757,234	31,915	103,623	1,713,933	42,625	101,793	—	7,751,123
Unallocated assets								23,347,660
Total consolidated assets								291,631,175
Liabilities								
Segment liabilities	150,836,165	13,968,776	4,388,287	3,537,849	7,118,424	4,863,875	—	184,713,376
Unallocated liabilities								53,341,900
Total consolidated liabilities								238,055,276

Year ended 31 December 2012

	Cement	Concrete	Lightweight building materials	Glass fiber and composite materials	Engineering services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Revenue								
External sales	58,367,475	9,341,413	6,635,437	2,195,361	5,199,199	5,478,744	—	87,217,629
Inter-segment sales *(Note)*	1,416,813	—	—	—	868,212	1,007,406	(3,292,431)	—
	59,784,288	9,341,413	6,635,437	2,195,361	6,067,411	6,486,150	(3,292,431)	87,217,629
Adjusted EBITDA	16,194,593	1,669,811	1,445,262	265,983	601,252	368,922	—	20,545,823
Depreciation and amortisation, and prepaid lease payments released to consolidated income statement	(3,764,620)	(275,633)	(244,890)	(93,302)	(43,177)	(18,942)	(13,057)	(4,453,621)
Unallocated other income								9,508
Unallocated administrative expenses								(129,338)
Share of profit/(loss) of associates	338,075	—	4,153	110,923	(348)	5,839	—	458,642
Finance costs — net	(4,931,320)	(189,203)	(144,540)	(73,216)	(95,483)	(14,194)	10,215	(5,437,741)
Unallocated finance costs-net								(1,069,404)
Profit before income tax								9,923,869
Income tax expense								(2,186,883)
Profit for the year								7,736,986

	Cement	Concrete	Lightweight building materials	Glass fiber and composite materials	Engineering services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other information								
Capital expenditure:								
— Property, plant and equipment	6,278,045	501,375	1,199,017	321,192	51,691	408,196	—	8,759,516
— Prepaid lease payments	219,517	13,759	30,896	20,069	9,506	20,777	—	314,524
— Intangible assets	570,250	1,871	5,354	21,306	2,562	453	—	601,796
— Unallocated								64,372
	7,067,812	517,005	1,235,267	362,567	63,759	429,426		9,740,208
— Acquisition of subsidiaries	27,391,864	7,406,483	—	—	41,874	838	—	34,841,059
Depreciation and amortisation								
— Property, plant and equipment	3,273,327	269,191	223,923	84,935	34,224	16,576	13,057	3,915,233
— Intangible assets	216,084	1,505	5,776	2,450	4,420	237	—	230,472
— Unallocated								9,678
	3,489,411	270,696	229,699	87,385	38,644	16,813		4,155,383
Prepaid lease payments released to the consolidated income statement	275,209	4,937	15,191	5,917	4,533	2,129	—	307,916
Allowance/(reversal of provision) for bad and doubtful debts	(20,737)	18,008	8,005	24,554	30,610	5,288	—	65,728
Write down/(reversal of write down) of inventories	1,352	(1,372)	—	—	—	2,578	—	2,558
Statement of financial position								
Assets								
Segment assets	169,575,996	25,133,982	8,613,442	5,609,157	5,934,889	4,917,876	—	219,785,342
Investment in associates	4,406,955	—	198,812	1,643,970	41,269	59,161	—	6,350,167
Unallocated assets								20,298,038
Total consolidated assets								246,433,547
Liabilities								
Segment liabilities	132,321,781	12,365,123	4,199,625	3,389,237	5,281,435	3,969,821	—	161,527,022
Unallocated liabilities								40,841,678
Total consolidated liabilities								202,368,700

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

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

	2013	2012
	RMB'000	*RMB'000*
Adjusted EBITDA for reportable segments	**25,279,267**	20,176,900
Adjusted EBITDA for other segment	**238,816**	368,923
Eliminations	**—**	—
Total segments profit	**25,518,083**	20,545,823
Depreciation of property, plant and equipment	**(5,425,980)**	(3,915,233)
Amortisation of intangible assets	**(289,258)**	(230,472)
Prepaid lease payments released to the consolidated income statements	**(326,009)**	(307,916)
Corporate items	**(197,845)**	(119,830)
Operating profit	**19,278,991**	15,972,372
Finance costs — net	**(9,306,502)**	(6,507,145)
Share of profit of associates	**630,536**	458,642
Profit before income tax	**10,603,025**	9,923,869

(b) Geographical segments

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

	Revenue from external customers	
	2013	2012
	RMB'000	*RMB'000*
PRC	**115,891,215**	86,459,164
Europe	**253,798**	94,336
Middle East	**74,973**	32,063
Southeast Asia	**435,676**	98,188
Oceania	**534,145**	515,701
Others	**498,033**	18,177
	117,687,840	87,217,629

More than 90% of the Group's operations and assets are located in the PRC for the year ended 31 December 2013 and 2012.

(c) Information of major customers

No single customer amounted for 10% or more of the total revenue for the year ended 31 December 2013 and 2012.

5. INVESTMENT AND OTHER INCOME

	2013	2012
	RMB'000	*RMB'000*
Dividend from available-for-sale financial assets	**4,732**	11,263
Discount on acquisition of interests in subsidiaries	**28,363**	42,965
Financial guarantee income	**—**	4,008
Gain on disposal of property, plant and equipment, investment properties, intangible assets and prepaid lease payments	**—**	31,917
Government subsidies:		
— VAT refunds *(Note (a))*	**2,106,908**	1,942,147
— Government grants *(Note (b))*	**1,468,571**	2,277,247
— Interest subsidy	**44,656**	69,271
(Decrease)/increase in fair value of held-for-trading investments	**(57,766)**	144,745
Net rental income from:		
— Investment properties	**32,892**	32,886
— Equipment	**81,599**	44,440
Technical and other service income	**253,712**	302,801
Waiver of payables	**62,830**	252,635
Gain on disposal of associates	**11,393**	—
Others	**166,243**	43,980
	4,204,133	5,200,305

Notes:

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

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

6. FINANCE COSTS — NET

	2013	2012
	RMB'000	*RMB'000*
Interest expenses on bank borrowings:		
— wholly repayable within five years	**7,554,155**	5,890,775
— not wholly repayable within five years	**14,136**	33,515
	7,568,291	5,924,290
Interest expenses on bonds and other borrowings	**2,761,499**	1,698,419
Less: interest capitalised to construction in progress	**(375,195)**	(440,978)
	9,954,595	7,181,731
Interest income:		
— interest on bank deposits	**(258,638)**	(244,031)
— interest on loans receivables	**(389,455)**	(430,555)
	(648,093)	(674,586)
Finance costs — net	**9,306,502**	6,507,145

Borrowing costs capitalised for the year ended 31 December 2013 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 5.66% (2012: 6.67%) per annum to expenditure on the qualifying assets.

7. PROFIT BEFORE INCOME TAX

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

	2013	2012
	RMB'000	*RMB'000*
Depreciation of:		
— property, plant and equipment	**5,434,419**	3,916,691
— investment properties	**9,354**	8,220
	5,443,773	3,924,911
Amortisation of intangible assets	**289,258**	230,472
Total depreciation and amortisation	**5,733,031**	4,155,383
Impairment loss on available-for-sale financial assets	**271**	—
Impairment loss on property, plant and equipment (reversed)/recognised	**(2,668)**	3,630
Cost of inventories recognised as expenses	**79,441,837**	60,425,340
Prepaid lease payments released to the consolidated income statement	**326,009**	307,916
Auditor's remuneration	**12,328**	9,684
Staff costs including directors' remunerations:		
— Salaries, bonus and other allowances	**7,543,984**	5,376,411
— Share appreciation rights	**—**	839
— Retirement plan contributions	**786,951**	554,609
Total staff costs	**8,330,935**	5,931,859
Allowance for bad and doubtful debts	**253,550**	65,728
Write down of inventories	**2,085**	2,558
Operating lease rentals	**194,032**	78,596
Loss/(gain) on disposal of property, plant and equipment, investment properties, intangible assets and prepaid lease payments	**47,635**	(31,917)
Net foreign exchange losses/(gains)	**20,070**	(846)

8. INCOME TAX EXPENSE

(a) Taxation in the consolidated income statement

	2013	2012
	RMB'000	*RMB'000*
Current income tax	**3,188,243**	2,817,223
Deferred income tax	**(897,088)**	(630,340)
	2,291,155	2,186,883

PRC income tax is calculated at 25% (2012: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC for both years, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rates of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

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

	2013	2012
	RMB'000	*RMB'000*
Profit before income tax	**10,603,025**	9,923,869
Tax at domestic income tax rate of 25% (2012: 25%)	**2,650,756**	2,480,967
Tax effect of:		
Share of profit of associates	**(157,634)**	(114,661)
Expenses not deductible for tax purposes	**96,687**	61,148
Income not taxable for tax purposes	**(90,634)**	(100,944)
Tax effect of tax losses not recognised	**389,254**	260,024
Utilisation of previously unrecognised tax losses	**(391,743)**	(310,926)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment *(Note)*	**(12,129)**	(14,644)
Effect of different tax rates of subsidiaries	**(193,402)**	(74,081)
Income tax expense	**2,291,155**	2,186,883

Note:

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

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

	2013			2012		
	Before taxation *RMB'000*	**Taxation charged *RMB'000***	**Net of taxation *RMB'000***	Before taxation *RMB'000*	Taxation credit *RMB'000*	Net of taxation *RMB'000*
Currency translation differences	**72,404**	**—**	**72,404**	(3,305)	—	(3,305)
Changes in fair value of available-for-sale financial assets	**(271,775)**	**69,298**	**(202,477)**	8,024	(2,005)	6,019
Shares of associates' other comprehensive expense/(income), net	**50,327**	**—**	**50,327**	(834)	—	(834)
Other comprehensive (income)/expenses	**(149,044)**	**69,298**	**(79,746)**	3,885	(2,005)	1,880

9. DIVIDENDS

	2013 *RMB'000*	2012 *RMB'000*
Dividends paid	**836,849**	1,160,791
Proposed final dividend — RMB0.16 (2012: RMB0.155) per share	**863,844**	836,849

The final dividend of RMB0.16 per share has been proposed by the board of directors on 25 March 2014.

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

10. EARNINGS PER SHARE — BASIC AND DILUTED

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

	2013	2012
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**5,761,854**	5,579,601

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares in issue	**5,399,026**	5,399,026

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

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables, net of allowance for bad and doubtful debts *(Note (b))*	**23,256,628**	20,116,046
Bills receivable *(Note (c))*	**6,111,533**	6,134,407
Amounts due from customers for contract work	**1,417,922**	379,937
Prepaid lease payments	**327,077**	247,370
Other receivables, deposits and prepayments	**21,098,029**	18,733,441
	52,211,189	45,611,201

Notes:

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

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

	2013	2012
	RMB'000	*RMB'000*
Within two months	**9,157,388**	8,178,120
More than two months but within one year	**10,190,442**	9,361,932
Between one and two years	**3,367,852**	2,226,311
Between two and three years	**400,834**	203,189
Over three years	**140,112**	146,494
	23,256,628	20,116,046

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

(d) Included in the trade receivables are debtors with a carrying amount of approximately RMB5,284.76 million (2012: approximately RMB11,937.92 million) which are over the credit period at the reporting date for which the Group has already provided allowance for bad and doubtful debts in accordance with the Group's policy and no further impairment loss was made. According to specific analysis, the Group believes the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at 31 December 2013, the retention receivables of approximately RMB355.28 million (2012: approximately RMB27.68 million) and receivables within contractual payment term of approximately RMB294.30 million (2012: approximately RMB15.36 million) with ageing over one year are not past due.

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

	2013	2012
	RMB'000	*RMB'000*
More than two months but within one year	**2,031,127**	9,361,932
Between one and two years	**2,755,947**	2,226,311
Between two and three years	**368,549**	203,189
Over three years	**129,137**	146,494
	5,284,760	11,937,926

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

	2013	2012
	RMB'000	*RMB'000*
As at 1 January	**1,461,757**	744,747
Additions from acquisition of subsidiaries	**113,357**	651,282
Allowances for bad and doubtful debts	**253,550**	65,728
As at 31 December	**1,828,664**	1,461,757

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

	2013	2012
	RMB'000	*RMB'000*
RMB	**51,158,848**	45,149,458
EUR	**68,301**	133,850
PGK	**38,968**	22,423
USD	**695,508**	235,525
SAR	**—**	9,009
VND	**—**	26,733
KZT	**7,431**	5,269
AUD	**15,585**	—
HKD	**—**	19,833
THB	**163,700**	—
Others	**62,848**	9,101
	52,211,189	45,611,201

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

(g) As at 31 December 2013, approximately RMB686.72 million (2012: approximately RMB1,365.46 million) of the trade receivables and approximately RMB1,593.61 million (2012: approximately RMB2,285.19 million) of bill receivables have pledged to secure bank loans granted to the Group.

12. TRADE AND OTHER PAYABLES

Ageing analysis of trade and other payables is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within two months	**9,019,625**	7,865,398
More than two months but within one year	**7,616,287**	7,032,522
Between one and two years	**2,040,332**	1,825,741
Between two and three years	**450,458**	339,739
Over three years	**300,173**	276,431
Trade payables	**19,426,875**	17,339,831
Bills payable	**5,934,386**	5,816,210
Amounts due to customers for contract work	**26,062**	149,408
Other payables	**22,939,742**	23,945,159
	48,327,065	47,250,608

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

BUSINESS HIGHLIGHTS

The major operating data of each segment of the Group for 2013 and 2012 are set out below:

CEMENT SEGMENT

China United

	For the year ended 31 December	
	2013	2012
Production volume-cement *(in thousand tonnes)*	**48,560.0**	42,590.1
Production volume-clinker *(in thousand tonnes)*	**54,030.0**	46,348.8
Sales volume-cement *(in thousand tonnes)*	**43,752.0**	40,390.0
Sales volume-clinker *(in thousand tonnes)*	**23,350.0**	21,350.0
Unit selling price-cement *(RMB per tonne)*	**253.1**	266.7
Unit selling price-clinker *(RMB per tonne)*	**226.4**	236.0
Sales volume-commercial concrete *(in thousand m^3)*	**33,140.0**	14,006.1
Unit selling price-commercial concrete *(RMB per m^3)*	**306.0**	303.7

South Cement

	For the year ended 31 December	
	2013	2012
Production volume-cement *(in thousand tonnes)*	**102,170.0**	80,462.4
Production volume-clinker *(in thousand tonnes)*	**95,005.8**	76,010.1
Sales volume-cement *(in thousand tonnes)*	**92,517.0**	76,816.5
Sales volume-clinker *(in thousand tonnes)*	**26,062.1**	22,018.9
Unit selling price-cement *(RMB per tonne)*	**250.3**	265.5
Unit selling price-clinker *(RMB per tonne)*	**220.4**	218.7
Sales volume-commercial concrete *(in thousand m^3)*	**49,411.8**	16,153.1
Unit selling price-commercial concrete *(RMB per m^3)*	**315.5**	294.5

North Cement

	For the year ended 31 December	
	2013	2012
Production volume-cement *(in thousand tonnes)*	**13,701.3**	13,080.6
Production volume-clinker *(in thousand tonnes)*	**15,372.7**	15,804.0
Sales volume-cement *(in thousand tonnes)*	**13,789.5**	13,272.3
Sales volume-clinker *(in thousand tonnes)*	**7,429.1**	7,937.7
Unit selling price-cement *(RMB per tonne)*	**347.0**	369.4
Unit selling price-clinker *(RMB per tonne)*	**275.4**	308.9
Sales volume-commercial concrete *(in thousand m^3)*	**1,377.6**	629.1
Unit selling price-commercial concrete *(RMB per m^3)*	**385.2**	353.0

Southwest Cement

	For the year ended 31 December	
	2013	2012
Production volume-cement *(in thousand tonnes)*	**72,739.0**	36,117.9
Production volume-clinker *(in thousand tonnes)*	**55,127.4**	28,109.9
Sales volume-cement *(in thousand tonnes)*	**71,915.5**	36,294.7
Sales volume-clinker *(in thousand tonnes)*	**4,268.8**	2,105.0
Unit selling price-cement *(RMB per tonne)*	**256.0**	250.5
Unit selling price-clinker *(RMB per tonne)*	**240.9**	248.0
Sales volume-commercial concrete *(in thousand m^3)*	**1,204.3**	274.3
Unit selling price-commercial concrete *(RMB per m^3)*	**275.6**	305.7

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

	For the year ended 31 December	
	2013	2012
Gypsum boards — BNBM		
Production volume *(in million m^2)*	**208.3**	156.7
Sales volume *(in million m^2)*	**204.6**	163.8
Average unit selling price *(RMB per m^2)*	**6.93**	7.09
Gypsum boards — Taishan Gypsum		
Production volume *(in million m^2)*	**1,044.7**	887.1
Sales volume *(in million m^2)*	**1,025.6**	889.5
Average unit selling price *(RMB per m^2)*	**4.80**	4.94

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT

	For the year ended 31 December	
	2013	2012
Rotor blade		
Production volume *(in blade)*	**2,807.0**	3,067.0
Sales volume *(in blade)*	**3,241.0**	3,507.0
Average unit selling price *(RMB per blade)*	**396,100.0**	375,900.0

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2013, confronted with complex economic situations both at home and abroad, the central government of China concentrated on improving the quality and efficiency of economic growth as the main focus, adhered to the general tone of making progress while ensuring stability, firmly deepened reform and opening-up and made innovation of macro-control in a scientific way. As a result, the overall national economic performance showed good momentum of stable moderate growth. Compared with the same period last year, China's GDP increased by 7.7%, while the total investments in fixed assets and real estate development increased by 19.6% and 19.8% respectively. Benefited from the rapid increase of the investments in infrastructure construction and real estate development, the demand for the building material industry grew stably and its economic efficiency improved steadily.

In 2013, under the discerning decisions of the Board, the management team led our staff to actively tackle the complicated external environment and the unprecedented economic pressures. We focused on working thought of "integration and optimization, profit raising and gearing reduction". In adherence to the principle of "preparation, meticulosity, refinement, solidity", we consolidated construction of the core profit-generating regions, deepened management integration, strived to reduce costs and increase profit, and facilitated the transformation and upgrading, aiming to improve development quality and efficiency indeed and to achieve stable development. Under the IFRS, the Group's consolidated revenue amounted to RMB117,688 million for the year of 2013, representing an increase of 34.9% over the same period last year. Profit attributable to equity holders of the Company amounted to RMB5,762 million, representing an increase of 3.3% over the same period last year. Taking this opportunity, I would like to express my heartfelt gratitude to the management team and all the staff for their hard work and contribution, especially all our Shareholders for their lasting trust and support.

On behalf of the Board, I am pleased to present the Company's 2013 Annual Report and major results to you:

In accordance with the strategic target of "establishing a world-class building material enterprise with international competence", CNBM adhered to the operational mode of "Market-oriented Operation of Central State-owned Enterprises" to conduct market-oriented reforms. We merged state-owned economy with private economy to construct a strong platform of mixed ownership industry at high degree, and formed a series of typical enterprises with mixed-ownership. As a result, the cohesion, innovation and competence of the enterprises were significantly improved. CNBM conducted consolidation and restructuring in a market-oriented way, implemented management integration in accordance with the market principle and carried out integrated innovation driven by the market to realize the steady and healthy development of the enterprise. Based on the rapid development in the past few years, CNBM has changed its development strategy in the new environment with its focus shifted to integration and optimization, profit raising and gearing reduction. It solidly launched management enhancement, deepened the "Three Five" Management, strengthened benchmark management, optimized organizational structure, tapped potential, reduced costs and increased profit to further improve management standard and competitiveness of the enterprise.

Confronted with the severe overcapacity and the prolonged low industry value of the building material industry, the State Council issued Guo Fa [2013] No. 41 Document (國發〔2013〕41號文件), aiming to resolve the overcapacity issue in cement and some other industries. As the leading enterprise in the industry, CNBM focused on policy guidance and market stabilization. Through fully leveraging on the effect of market consolidation as a large enterprise, it continuously promoted consolidation and restructuring, enhanced industrial concentration ratio and developed with optimized inventory and reduced production. CNBM insisted on the business ideology of "PCP", enhanced its market competition and cooperation, promoted self-discipline in the industry and protected the harmonious and healthy market environment with rational competition. Furthermore, it actively enhanced the industry chain extension to increase the added-value of products, and adhered to the low-carbon development to facilitate energy conservation and emission reduction. All these not only helped CNBM to achieve its own development, but also helped solve the overcapacity problem and promote the sustainable development of the industry.

The past year witnessed our endeavour and achievement, and we are fully confident to face the future.

The domestic economic situation in 2014 is still complicated, but it is expected to see some improvement in general. China is in a significant period with strategic opportunities, a crucial period of structural adjustment and a transformational period of economic growth, but the favourable fundamentals for the long term development remain invariant. The central government of China will continue to adhere to the general tone of making progress while ensuring stability with the anticipated GDP growth rate at approximately 7.5%. In respect to the building material industry, the supply and demand dynamics is expected to be improved in 2014. The National Conference on Urbanisation（全國城鎮化工作會議）and the National New-type Urbanization Plan (2014-2020) (《國家新型城鎮化規劃（2014-2020年）》) paid more emphasis on the new-type urbanisation construction and proposed to develop "several urban agglomerations". Consequently, the central government of China will provide more support for the construction of railways and roads as well as public service facilities and social housing etc. The urbanization rate is expected to reach approximately 60% in 2020, which will bring about a long-term and stable demand for the building material industry. Meanwhile, the central government of China will continue to take a firm stand on solving the overcapacity issue by announcing no more new capacity added in the cement and some other industries by 2017 and releasing schemes of abolishing the standard for P.C 32.5 cement product and encouraging merge and restructuring of enterprises and the local governments will also propose measures of production restriction and eliminating outdated capacity to curb air pollution, which will alleviate the imbalance between supply and demand of the building material industry to some extent.

2014 is a year of deep management integration for CNBM. We will concentrate on the operating target of "making progress while ensuring stability". "Stability" refers to consolidating management foundations, stabilizing revenue, market and price, strengthening risk control and deepening management integration. "Progress" refers to improvement in the overall quality and core competence of the enterprise, accelerating transformation and upgrading, adhering to innovation and fully implementing "integration and optimization, profit raising and gearing reduction". It will fully implement "Eight Working Methods" of deep integration, which include "Five C", KPI management, zero inventory, "PCP", benchmark management and optimization, counsellor system, core profit-generating regions and market competition and cooperation. Deeply adhering to the principle of "preparation, meticulosity, refinement, solidity", we shall make great efforts on each work of the year 2014, endeavor to improve quality and efficiency of development and to reward the Shareholders and the society with outstanding results.

Song Zhiping
Chairman of the Board

Beijing, the PRC
25 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

Business segments	Major products and services	Major operating entities	Direct and indirect equity interests held by the Company
Cement	NSP cement and commercial concrete	China United	100.00%
		South Cement	80.00%
		North Cement	70.00%
		Southwest Cement	70.00%
Lightweight building materials	Dry wall and ceiling system	BNBM	52.40%
Glass fibre and composite materials	Rotor blades	China Composites	100.00%
	Glass fibre	China Fiberglass	32.79%
Engineering services	Design and engineering EPC services: Float glass production lines and NSP cement production lines	China Triumph	91.00%

In 2013, the Group actively confronted with the difficulties and challenges arising from the slow-down economy, severe overcapacity issue and more significant imbalance between the supply and demand, etc. In line with the thinking focused on "integration and optimization, profit raising and gearing reduction" and the principle of "preparation, meticulosity, refinement, solidity", the Group monitored its KPI carefully, insisted on the business ideology of "PCP" to enhance marketing and strengthened management integration to realize cost reduction and profit raising. Focused on construction of the core profit-generating regions, the Group steadily promoted consolidation and restructuring to increase its market control. In spite of unfavourable conditions, the efforts enabled to the Group to maintain a sound development, with achievements in deep management integration, continuous decrease in production cost and the gradual consummation of the construction of the core profit-generating regions. In 2013, the Group achieved a steady increase in the sales volume of its major products, the revenue and the profit. The cement and clinker total sales volume increased by 29.1% year on year to 285.1 million tonnes, commercial concrete sales volume increased by 179.5% year on year to 87.1 million m^3, gypsum board sales volume increased by 16.8% year on year to 1,230 million m^2, glass fiber total sales volume increased by 3.7% year on year to 822 thousands tonnes. The revenue increased by 34.9% year on year to RMB117,688 million and the profit attributable to the equity holders of the Company increased by 3.3% year on year to RMB5,762 million.

CEMENT SEGMENT

In 2013, the national economic growth experienced a slowdown, whilst the investment in fixed assets saw a steady growth with a recovery in the investments of infrastructure and real estate. As a result, the national cement production increased by 9.3% year on year to 2.42 billion tonnes and the economic profitability of the cement industry was improved. (source of information: NBS)

The central government of China was highly concerned about the overcapacity issue, and promulgated documents Fa Gai Chan Ye [2013] No.892 Document（發改產業〔2013〕892號文件）and Guo Fa [2013] No. 41 Document（國發〔2013〕41號文件）. A series of policy measures were proposed including prohibition on the construction of new capacity projects, eliminating obsolete production capacity, implementing replacement of existing capacity with the same or less amount, and promoting the use of high-grade cement and high-performance concrete. In the meantime, the central government of China paid more attention to the air pollution prevention. Thus, it encouraged energy and emissions reductions and facilitated industry transformation and upgrade through raising the emission standards of pollutants. In 2013, the fixed assets investment in the cement industry of China decreased by 6.5% over the last year. The additional production capacity of clinkers was 94.3 million tonnes, with a total outdated cement production capacity of approximately 95 million tonnes phased out, whilst the NSP clinker capacity accounted for over 90%. The industry consolidation continued to make progress with increasing concentration ratio, while the total market shares of top ten cement companies reaching 50.3% in term of NSD clinker production capacity. However, the imbalance between the industry demand and supply remains prominent, with a cement capacity utilization rate remaining relatively low. The cement price presented a "low at first and high at end" pattern throughout this year. The cement price maintained low in the first half of the year and experienced recovery in the second half of year benefiting from better-than-expected demand growth, especially the significant increase in the fourth quarter. (source of information: NBS, MIIT and China Cement Association)

In 2013, the cement segment of Group actively dealt with the situation of severe overcapacity issue in the industry, obvious contradiction between supply and demand and intense competition by changing its business idea and shifting its work focus on "integration and optimization, profit raising and gearing reduction". It insisted on the business ideology of "PCP", strictly implemented benchmarking management and counsellor system with the focus on KPI , and enhanced marketing to its full potential by leveraging its scale and the core profit-generating regions. Furthermore, it carried forward with deep management integration by consolidating and optimizing organizational structures steadily pursuant to the principle of "simplified organization and capable personnel" to increase its operating efficiency. Through strengthening "Five C" management, delicacy management and lean production, it comprehensively implemented the cost and expense saving plan to realize cost reduction and profit raising. In accordance with the principle and plan of capital expenditure, the cement segment of Group carried out the consolidation and restructuring of cement and commercial concrete businesses with a focus on consolidating and improving the core profit-generating regions to creat positive market synergy between the cement and commercial concrete businesses. As at the end of 2013, the production capacity of cement reached 388 million tonnes, whilst that of commercial concrete reached 406 million m^3.

China United

China United insisted on the “PCP” business ideology and promoted emission reduction with self-discipline and sales-driven production approach, which relieved the imbalance between supply and demand effectively. Focusing on the marketing, it promoted the combination of production and sales through further integrating sales channels and improving and innovating marketing mode. In the second half of the year, China United led the steady rise in cement prices, which safeguarded the stable development of the regional market.

China United promoted deep management integration and enhanced benchmark optimization and counsellor system. Meanwhile, in order to reduce procurement price of raw materials and fuel and improve the overall efficiency, “Five C” management was deeply proceeded with central planning and coordinating marketing, procurement, capital allocation and technology promotion. For the purpose of cost reduction and profit raising, it strengthened delicacy management with optimization of technical indicators, intensified cost saving in logistics, enhanced expense management, and actively carried out the cost and expense saving plan. Based on the principle of “simplified organization and capable personnel”, it merged the original Shandong and Huaihai operations management regions into a new Huaihai operations management region. Such “two-in-one” integration further improved control over the regional market and operational efficiency. It continued to refine operations management system of commercial concrete business so as to improve operational quality and competitiveness. It effectively strengthened its efforts on collecting receivables to guard against capital risks. Moreover, control over product quality was reinforced with the purpose of increasing brand influence.

China United duly adjusted and improved consolidating and restructuring mode. In the core profit-generating regions, cooperation with its peers was carried out via ways such as joint venture. The positive market synergy between the cement and commercial concrete business was brought into full play, to increase control and power in the terminal markets and improve the profitability of the enterprise. As at the end of 2013, the production capacity of cement reached 91 million tonnes, whilst that of commercial concrete reached 180 million m^3.

South Cement

With “marketing, cost reduction and profit raising, deep integration” as its core targets, South Cement insisted on the business ideology of “PCP” with marketing as the priority while strengthening its marketing and control capability in the regional markets by further dividing the market. It arranged enterprises to suspend production for maintenance in an orderly manner according to the market demand. Driven by the opportunities arising from the energy saving and emission reduction policies imposed in some regions and the strong demand in the second half of the year, both the volume and price of cement recorded increase.

South Cement deepened management integration starting by integrating the organizational structure. Based on the principle of “simplified organization and capable personnel”, it merged seven regional companies in the regions of Jiangsu, Zhejiang, Shanghai and Anhui into two companies of Shanghai South Cement and Zhejiang South Cement, streamlined management and launched the concept of “Three Formulations”, resulting in a lower labor costs and improved productivity. South Cement accelerated integration of commercial concrete business by establishing a sales center based on the geographic reach of sales and promoting management consolidation of enterprises to increase management efficiency. Leveraging on delicacy management, South Cement was able to deepen benchmark management and reduce energy consumption effectively. It also fulfilled the cost and expense saving plan to achieve cost reduction and profit raising. Relying on the strength of centralized purchasing, it launched strategic cooperation with large suppliers to lower procurement prices of raw and fuel materials effectively. It also continued to carry out informationization construction in a bid to integrating the finance and businesses and enhancing management and control. Meanwhile, it strengthened the management of operating cash flow and built the long-term mechanism concerning control, collection and evaluation of the receivables to effectively control risks.

South Cement steadily promoted consolidation and restructuring based on the principle and plan of capital expenditure. It expedited consolidation of new enterprises and optimized the layout of industry chain in the core profit-generating regions. It also continued to consolidate the mines and logistics to achieve sustainable development of the enterprise. As at the end of 2013, the production capacity of cement reached 148 million tonnes, whilst that of commercial concrete reached 199 million m^3.

North Cement

Confronted with inadequate demand of cement in Northeast China, North Cement adhered to the "PCP" business ideology, leveraged its strength in the core profit-generating regions. It arranged production rationally and intensified efforts on marketing which protected and maintained the balance of supply and demand in the industry and continuously promoted the healthy development of the regional market.

North Cement proactively promoted deep management integration. It strengthened "Five C" management, continued to centralize marketing and enhanced market control through a new division of inner sales regions and effective integration of market resources. It continued to strengthen centralized procurement with a focus on the purchase of bulk commodity while unified management and coordination was adopted for member enterprises' inventory, which significantly lowered purchase costs of raw materials and fuel, i.e. coals. It also carried out centralized management to improve management and control. Additionally, it upgraded process technology, which enabled improving product quality and reducing energy-consumption indicators effectively. The costs and expense saving plan was completed with cost reduction and profit raising.

North Cement promoted the consolidation and restructuring along with a focus on the development of core profit-generating regions. It further increased concentration in the regional cement market and enhanced its control and discourse power in the terminal market through certain key methods including leasing, cement grinding station trusteeship and restructuring commercial concrete enterprise. As at the end of 2013, the production capacity of cement reached 33 million tonnes, whilst that of commercial concrete reached 13 million m^3.

Southwest Cement

Southwest Cement adhered to the business ideology of "PCP" to intensify marketing and strengthen channel management through establishing a win-win cooperation relationship with core clients in the long term, resulting in a steady increase in the market share.

Southwest Cement promoted deep management integration. It strengthened "Five C" management, and reduced purchasing prices of raw materials through centralized procurement and long-term cooperation with high-quality suppliers. Additionally, it enhanced delicacy management and lean production, continued to develop alternative fuels and admixtures, intensified technology update, deepened benchmarking management and counselor system, to reduce production cost. It further deepened management of capital centralizing and financing, and expedited informationization development. Based on the principle of "simplified organization and capable personnels, it continued to intensify constructing the performance management system with a focus on the sales and cost reduction. The work of to "Three Formulations" was implemented comprehensively to further refine the quantity of organizations, posts and employees and improve productivity. Indicators of account receivables were further optimized by imposing more stringent control over the key business index including account receivables.

Southwest Cement continued to carry out consolidation and restructuring work within the core profit-generating regions to optimize industrial layout. As at the end of 2013, the production capacity of cement reached 114 million tonnes, whilst that of commercial concrete reached 7 million m^3.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

BNBM deepened its focusing strategy and improved the marketing competence comprehensively, which brought steady growth for Dragon and Taishan gypsum board, achieving increase in both revenue and net profit.

BNBM upheld the strategy of seizing the prominent position. Focusing on the technology and brand, it seized the prominent position in engineering projects and in the housing field, a move further enhanced its impact. It has innovated products with great efforts in order to increase competitiveness in the market. BNBM promoted market differentiation and intensified communication and corporation with major clients, which further consolidated its leading position in the industry.

BNBM continued to improve its management enhancement, optimized the organizational structure, and enhanced its overall management and operational efficiency. It fully implemented the cost and expense saving plan and leveraged its strength in centralized procurement, in a bid to reduce purchase cost. Through technological innovation, BNBM lowered investment cost and unit consumption of products to increase profitability.

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT

Composite materials business

China Composites seized the favourable recovery in the wind power industry and adjusted its product mix accordingly. It adhered to "big projects, big customers, big orders", accelerated the development of new customer groups and made great efforts to develop new way to grow profit to consolidate its leading status in the industry. It also endeavoured to explore global markets to improve competitiveness worldwide. By leveraging on its well-located production bases, it guaranteed production and supply of blades in the key regions. Its dry-jet wet spinning process for carbon fibre passed the national-level appraisal strived to enter into special industries to further expand the high-end market.

Special attention was paid to profit raising and gearing reduction while technology innovation was vigorously proceeded to constantly reduce production cost. It strengthened management enhancement and effectively implemented its cost and expense saving plan thoroughly, and realized cost reduction and profit raising. Investment projects were also under strict review to achieve an effective control over capital expenditure.

Glass fibre business

China Fiberglass actively coped with the adverse influence arising from slower growth in industry development, lackluster demand and growing energy price and labour cost by accelerating the adjustment on production structure and transforming development mode. In the meantime, by reasonably planning production layout, it improved concentration of production and stability of product quality effectively. The product portfolio was optimized while sticking to the strategy focus on the high-end products. Moreover, it successfully reduced cost and strengthened competitiveness through management enhancement, exerting advantages of delicacy and differential management as well as implementation of revenue increase, cost and consumption reduction.

The internal industrial chain was further fine-tuned and improved to promote profitability. The alkali-free glass fiber pool kiln wiredrawing production line with an annual capacity of 80,000 tonnes in Egypt was completed and put into trial production, representing a significant progress in “going out” strategy.

ENGINEERING SERVICES SEGMENT

China Triumph placed great emphasis on market operation of engineering technologies such as glass, cement and new energy with improvement in technology innovation. Upon the engagement of contract in relation to orders of ultra large tonne float glass production lines in developed countries, its competitiveness in international markets was further strengthened. At the same time, China Triumph expanded its industrial chain and developed high-end equipment manufacturing to continuously increase additional value of engineering services and overall benefits. It led transformation of traditional capacity and industrial upgrade by promoting application of energy-saving technology, i.e. a combination of desulfuration, denitrification and cogeneration, in the building material industry and constructing the world-class demonstration line in terms of energy-saving and emission reduction while redirected its business scope to “synergistic treatment of waste and sludge in the urban”. It adhered to combination of independent innovation and integrated innovation, and thus won the Second Prize at the 2013 National Technology Progress Award（國家2013年科技進步二等獎）once again, which reinforced its core competitiveness in enterprise development.

In the meantime, China Triumph strictly implemented management enhancement, further strengthened standardized operation and delicacy management. It also vigorously promoted optimization of organizational structure based on the principle of “simplified organization and capable personnel”. On the other hand, it linked the cost and expense saving plan to the performance assessment, which achieved cost reduction and profit raising

FINANCIAL REVIEW

Revenue of the Group increased by34.9% to RMB117,687.8 million in 2013 from RMB87,217.6 million during 2012. Profit attributable to equity holders increased by 3.3% to RMB5,761.9 million in 2013 from RMB5,579.6 million during 2012.

Revenue

Our revenue increased by 34.9% to RMB117,687.8 million in 2013 from RMB87,217.6 million during 2012. The major reason was that although revenue ofof South Cement increased by RMB14,279.8 million, revenue of Southwest Cement increased by RMB10,072.1 million, revenue of China United increased by RMB6,433.3 million, revenue of Engineering services segment increased by RMB692.7 million, revenue from the lightweight building materials segment increased by RMB346.1 million and the revenue of the glass fibre and composite materials segment increased by RMB81.8 million, they were partially offset by the revenue decrease of RMB213.9 million from North Cement.

Cost of sales

Our cost of sales increased by 30.5% to RMB87,549.8 million in 2013 from RMB67,089.2 million during 2012. The major reason was that although the cost of sales of South Cement increased by RMB10,166.9 million, the cost of sales of Southwest Cement increased by RMB6,677.2 million, the cost of sales of China United increased by RMB4,576.6 million, the cost of sales of Engineering services segment increased by RMB401.5 million, the cost of sales of North Cement increased by RMB75.0 million and the cost of sales of the lightweight building materials segment increased by RMB11.5 million, they were partially offset by the decrease in cost of sales of RMB37.9 million of the glass fibre and composite materials segment.

Other income

Other income of the Group decreased by 19.2% to RMB4,204.1 million in 2013 from RMB5,200.3 million during 2012. This was primarily due to a decrease in government grants from RMB2,277.2 million in 2012 to RMB1,468.6 million in 2013. Net gain from change in fair value of held-for-trading investments of the Group decreased from RMB144.7 million in 2012 to RMB-57.8 million in 2013, and the income from technical and services decreased from RMB302.8 million in 2012 to RMB253.7 million in 2013, which was partially offset by the increase in the refund of value-added tax of the Group from RMB1,942.1 million from 2012 to RMB2,106.9 million in 2013.

Selling and distribution costs

Selling and distribution costs increased by 78.5% from RMB3,880.9 millionin 2012 to RMB6,928.5 million in 2013. The major reasons for such increase were an increase of RMB1,351.4 million in transportation costs, an increase of RMB419.3 million in packaging fees, an increase of RMB215.6 million in depreciation and amortisation costs and an increase of RMB159.3 million in the expenses for business trips due to an increase in commercial concrete business of the Group and the inclusion of newly acquired cement subsidiaries.

Administrative expenses

Administrative expenses increased by 48.6% to RMB8,134.7 million during 2013 from RMB5,475.5 million in 2012. This was primarily due to the increase in commercial concrete business of the Group and the inclusion of newly acquired cement subsidiaries, resulting in an increase of RMB611.1 million in labour costs, an increase of RMB311.3 million in depreciation and amortisation of intangible assets, an increase of RMB139.1 million in research and development expenses, an increase of RMB101.2 million in administrative expenses and utility bills, an increase of RMB98.1 million in tax (mainly including property tax, land use tax and vehicle and vessel taxes) and an increase of RMB46.3 million in the expenses for business trips.

Finance costs

Finance costs increased by 43.0% to RMB9,306.5 million in 2013 from RM6,507.1 million in 2012, due to our increased borrowings which were required to support the increase in the business activities in the cement and commercial concrete business segments.

Share of profits of associates

Our share of profit of associates increased by 37.5% to RMB630.5 million in 2013 from RMB458.6 million in 2012, primarily due to an increase in profits of our associated companies in the cement segment as well as an increase in the profit of China Fiberglass, an associate of the Group.

Income tax expense

Income tax expense increased by 4.8% to RMB2,291.2 million in 2013 from RMB2,186.9 million in 2012, primarily due to the increase in profit before taxation.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests increased by 18.2% to RMB2,550.0 million in 2013 from RMB2,157.4 million in 2012, primarily due to the increase in operating profit in each of our business segments.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company increased by 3.3% to RMB5,761.9 million in 2013 from RMB5,579.6 million in 2012. Net profit margin decreased to 4.9% in 2013 from 6.4% in 2012.

China United

China United merged with 34 commercial concrete companies as at 31 December 2013 and 28 as at 31 December 2012. The following table sets out the revenue, cost of sales, gross profit and operating profit of the abovementioned commercial concrete companies for the both periods and their respective percentage in China United.

	The abovementioned commercial concrete companies For the year ended 31 December			
	2013		2012	
	RMB in millions	***Percentage in China United***	*RMB in millions*	*Percentage in China United*
Revenue	**10,140.2**	**38.3**	4,254.2	21.2
Cost of sales	**7,188.7**	**36.5**	3,083.5	20.4
Gross profit	**2,951.5**	**43.4**	1,170.7	23.7
Operating profit	**1,686.0**	**36.5**	698.2	14.9

Acquisition of cement subsidiaries

China United acquired 13 cement companies after 31 December 2012. Operating results of the above 13 cement companies were consolidated into the operating results of China United for the year ended 31 December 2013, but excluded from the operating results for the year ended 31 December 2012.

The following table sets out the revenue, cost of sales, gross profit and operating profit of the abovementioned 13 cement companies for the year ended 31 December 2013 and their respective percentage in China United.

		Total amount in China United
	RMB in millions	*Percentage*
Revenue	927.2	3.5
Cost of sales	825.9	4.2
Gross profit	101.3	1.5
Operating profit	25.4	0.5

Save the reasons stated below, changes in the operating results of China United for year ended 31 December 2013 as compared with the year ended 31 December 2012 were also due to the inclusion of operating results of the abovementioned commercial concrete business and the new acquisition of cement subsidiaries.

Revenue

Revenue from China United increased by 32.1% to RMB26,498.8 million in 2013 from RMB20,065.4 million in 2012, mainly attributable to the inclusion of the abovementioned commercial concrete business and the new acquisition of cement subsidiaries, partially offset by the decrease in the average selling price of cement products.

Cost of sales

Cost of sales from China United increased by 30.3% to RMB19,696.4 million in 2013 from RMB15,119.8 million in 2012, mainly attributable to the inclusion of the abovementioned commercial concrete business and the new acquisition of cement subsidiaries, partially offset by the decrease in the coal prices.

Gross profit and gross profit margin

Gross profit from China United increased by 37.5% to RMB6,802.4 million in 2013 from 4,945.6 million in 2012. Gross profit margin of China United increased from 24.6% in 2012 to 25.7% in 2013. The increase in gross profit margin was mainly due to a lower coal proices, but was partially offset by lower average selling price of cement products.

Operating profit

Operating profit from China United decreased by 1.3% to RMB4,622.9 million in 2013 from RMB4,685.3 million in 2012. Operating profit margin for the segment decreased from 23.3% in 2012 to17.4% in 2013. The decrease was primarily due to the increase in transportation fees due to the increase in the business volume of commercial concrete as well as the decrease in government grants, yet partially offset by the increase in gross profit margin.

South Cement

South Cement merged with 194 commercial concrete companies as at 31 December 2013 and 144 as at 31 December 2012. The following table sets out the revenue, cost of sales, gross profit and operating profit of the abovementioned commercial concrete companies for the both periods and their respective percentage in South Cement.

	The abovementioned commercial concrete companies For the year ended 31 December			
	2013		2012	
	RMB in millions	***Percentage in South Cement***	*RMB in millions*	*Percentage in South Cement*
Revenue	**15,591.8**	**35.0**	4,801.6	15.9
Cost of sales	**11,232.7**	**33.5**	3,340.6	14.3
Gross profit	**4,359.1**	**39.9**	1,461.0	21.4
Operating profit	**1,835.3**	**30.1**	742.5	15.2

Acquisition of cement subsidiaries

South Cement acquired 10 cement companies after 31 December 2012. Operating results of the above 10 cement companies were consolidated into the operating of South Cement for the year ended 31 December 2013, but excluded from the operating results for the year ended 31 December 2012.

The following table sets out the revenue, cost of sales, gross profit and operating profit of the abovementioned 10 cement companies for the year ended 31 December 2013 and their respective percentage in South Cement.

		Total amount in South Cement
	RMB in millions	*Percentage*
Revenue	3,005.0	6.8
Cost of sales	2,503.7	7.5
Gross profit	501.3	4.6
Operating profit	370.7	6.1

Save the reasons stated below, changes in the operating results of South Cement for year ended 31 December 2013 as compared with the year ended 31 December 2012 were also due to the inclusion of operating results of the abovementioned commercial concrete business and the acquisition of cement subsidiaries.

Revenue

Revenue from South Cement increased by 47.3% to RMB44,489.7 million in 2013 from RMB30,209.8 million in 2012, mainly attributable to the inclusion of the aforementioned commercial concrete business and the newly acquired cement subsidiaries, but was partially offset by the decrease in the average selling price of cement products.

Cost of sales

Cost of sales from South Cement increased by 43.5% to RMB33,554.3 million in 2013 from RMB23,387.4 million in 2012, mainly attributable to the inclusion of the aforementioned commercial concrete business and the newly acquired cement subsidiaries, but was partially offset by the decrease in the coal prices.

Gross profit and gross profit margin

Gross profit from South Cement increased by 60.3% to RMB10,935.4 million in 2013 from RMB6,822.5 million in 2012. Gross profit margin of South Cement increased from to 22.6% in 2012 to 24.6% in 2013. The increase in gross profit margin was mainly due to the decrease of coal prices, but was partially offset by a lower average selling price of cement products.

Operating profit

Operating profit from South Cement increased by 25.0% to RMB6,096.8 million in 2013 from RMB4,875.9 million in 2012. Operating profit margin for the segment decreased from 16.1% in 2012 to 13.7% in 2013. The decrease was primarily due to the increase of transportation cost generated from the increase of commercial concrete business and the decrease of government subsidies, but was partially offset by the increase in gross profit margin.

North Cement

North Cement merged with 11 commercial concrete companies as at 31 December 2013 and 5 as at 31 December 2012. The following table sets out the revenue, cost of sales, gross profit and operating profit of the abovementioned commercial concrete companies for both periods and their respective percentage in North Cement.

	The abovementioned commercial concrete companies For the year ended 31 December			
	2013		2011	
	RMB in millions	***Percentage in North Cement***	*RMB in millions*	*Percentage in North Cement*
Revenue	**530.7**	**7.2**	222.1	2.9
Cost of sales	**371.4**	**7.4**	141.6	2.9
Gross profit	**159.3**	**6.8**	80.5	3.0
Operating profit	**103.8**	**5.5**	47.4	1.8

Acquisition of cement subsidiaries

North Cement acquired 6 cement companies after 31 December 2012. Operating results of the above 6 cement companies were consolidated into the operating results of North Cement for the year ended 31 December 2013, but excluded from the operating results for the year ended 31 December 2012.

The following table sets out the revenue, cost of sales, gross profit and operating profit of the abovementioned 6 cement companies for the year ended 31 December 2013 and their respective percentage in North Cement.

		Total amount in North Cement
	RMB in millions	*Percentage*
Revenue	487.0	6.6
Cost of sales	449.7	9.0
Gross profit	37.3	1.6
Operating profit	6.2	0.3

Save the reasons stated below, changes in the operating results of North Cement for year ended 31 December 2013 as compared with the year ended 31 December 2012 were also due to the inclusion of operating results of the abovementioned commercial concrete business and the acquisition of cement subsidiaries.

Revenue

Revenue from North Cement decreased by 2.8% to RMB7,362.0 million in 2013 from RMB7,575.9 million in 2012, mainly attributable to the decrease in the average selling price of cement products.

Cost of sales

Cost of sales from North Cement increased by 1.5% to RMB5,008.8 million in 2013 from RMB4,933.8 million in 2012, mainly attributable to the inclusion of the aforementioned commercial concrete business and the newly acquired cement subsidiaries, but was partially offset by the decrease of coal prices.

Gross profit and gross profit margin

Gross profit from North Cement decreased by 10.9% to RMB2,353.2 million in 2013 from RMB2,642.1million in 2012. Gross profit margin of North Cement decreased from 34.9% in 2012 to 32.0% in 2013, mainly owing to a lower average selling price of cement products, but was partially offset by the decrease of coal prices.

Operating profit

Operating profit from North Cement decreased by 29.6% to RMB1,870.5 million in 2013 from RMB2,658.5 million in 2012. Operating profit margin for the segment decreased from 35.1% in 2012 to 25.4% in 2013, primarily due to the decrease in gross profit margin.

Southwest Cement

Southwest Cement merged with 8 commercial concrete companies as at 31 December 2013 and 4 as at 31 December 2012. The following table sets out the revenue, cost of sales, gross profit and operating profit of the abovementioned commercial concrete companies for both periods and their respective percentage in Southwest Cement.

	The abovementioned commercial concrete companies For the year ended 31 December			
	2013		2012	
	RMB in millions	***Percentage in Southwest Cement***	*RMB in millions*	*Percentage in Southwest Cement*
Revenue	**331.9**	**1.7**	83.9	0.9
Cost of sales	**288.3**	**2.1**	67.4	0.9
Gross profit	**43.6**	**0.8**	16.5	0.7
Operating profit	**14.2**	**0.4**	11.3	0.7

Acquisition and establishment of cement subsidiaries

Southwest Cement acquired and established 33 cement companies after 31 December 2012. Operating results of the above 33 cement companies were consolidated into the operating results of Southwest Cement for the year ended 31 December 2013, but excluded from the operating results for the year ended 31 December 2012.

The following table sets out the revenue, cost of sales, gross profit and operating profit of the abovementioned 33 cement companies for the year ended 31 December 2013 and their respective percentage in Southwest Cement.

	Total amount in Southwest Cement	
	RMB in millions	*Percentage*
Revenue	**3,794.1**	19.2
Cost of sales	**2,674.9**	19.1
Gross profit	**1,119.3**	19.3
Operating profit	**876.0**	22.0

Save the reasons stated below, changes in the operating results of Southwest Cement for year ended 31 December 2013 as compared with the year ended 31 December 2012 were also due to the inclusion of operating results of the abovementioned commercial concrete business related to the acquisition of cement subsidiaries.

Revenue

Revenue from Southwest Cement increased by 103.9% to RMB19,769.4 million in 2013 from RMB9,697.4 million in 2012, mainly attributable to the inclusion of the aforementioned commercial concrete business and the newly acquired cement subsidiaries and the slight increase in the average selling price of cement products.

Cost of sales

Cost of sales from Southwest Cement increased by 91.5% to RMB13,975.6 million in 2013 from RMB7,298.5 million in 2012, mainly attributable to the inclusion of the aforementioned commercial concrete business and the newly acquired cement subsidiaries, but partially offset by the decrease in coal prices.

Gross profit and gross profit margin

Gross profit from Southwest Cement increased by 141.5% to RMB5,793.8 million in 2013 from RMB2,398.9 million in 2012. Gross profit margin of Southwest Cement increased from 24.7% in 2012 to 29.3% in 2013, mainly owing to the increase in the average selling price of cement products and a lower coal price.

Operating profit

Operating profit from Southwest Cement increased by 140.5% to RMB3,973.9 million in 2013 from RMB1,652.5 million in 2012. Operating profit margin for the segment increased from 17.0% in 2012 to20.1% in 2013., primarily due to the increase in gross profit margin.

Lightweight building materials segment

Revenue

Revenue from the lightweight building materials segment increased by 5.2% to RMB6,981.6 million in 2013 from RMB6,635.4 million in 2012. This was mainly attributable to the increase in sales volume from our main product, gypsum boards, but partially offset by a reduction of its selling price.

Cost of sales

Cost of sales from the lightweight building materials segment increased by 0.2% to RMB5,252.7 million in 2013 from RMB5,241.1 million in 2012. This was mainly attributable to the increase in sales volume from our main product, gypsum boards, but partially offset by a reduction of the price of principal raw materials and coal price.

Gross profit and gross profit margin

Gross profit from the lightweight building materials segment increased by 24.0% to RMB1,728.9 million in 2013 from RMB1,394.3 million in 2012. Our gross profit margin from the lightweight building materials segment increased to 24.8% in 2013 from 21.0% in 2012, mainly due to a reduction of the price of principal raw materials and coal price, but partially offset by the drop in selling prices.

Operating profit

Operating profit from the lightweight building materials segment increased by 33.6% to RMB1,600.0 million in 2013 from RMB1,197.9 million in 2012. The gross profit margin from this segment increased to 22.9% in 2013 from 18.1% in 2012, mainly due to a rise in gross profit margin and the increase of VAT refunds.

Glass fibre and composite materials segment

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

Revenue

Our revenue from the glass fibre and composite materials segment increased by 3.7% to RMB2,277.2 million in 2013 from RMB2,195.4 million in 2012. The main reason is that although our revenue from the FRP pipes and tanks business and rotor blade has increased RMB68.0 million, our revenue from the flooring business has increased RMB32.1 million, they are partially offset by our revenue decrease in the carbon fiber business and shipping business.

Cost of sales

Our cost of sales from the glass fibre and composite materials segment decreased by 2.2% to RMB1,708.8 million in 2013 from RMB1,746.7 million in 2012. The main reason is that our cost from the FRP pipes and tanks business and rotor blade has reduced RMB41.1 million, the carbon fiber business has decreased RMB23.5 million in addition to our cost decrease of RMB6.7 million in the shipping business, but was partially offset by the cost increase of flooring business.

Gross profit and gross profit margin

Our gross profit from the glass fibre and composite materials segment increased by 26.7% to RMB568.3 million in 2013 from RMB448.7 million in 2012. Our gross profit margin from the glass fibre and composite materials segment increased to 25.0% in 2013 from 20.4% in 2012. This is mainly due to an increase in the gross profit margin of the FRP pipes and tanks business and rotor blade business in 2013.

Operating profit

Operating profit for our glass fibre and composite materials segment increased by 34.9% to RMB231.8 million in 2013 from RMB171.8 million in 2012. The operating profit margin for the segment increased to 10.2% in 2013 from 7.8% in 2012, primarily due to a increase in gross profit margin.

Engineering services segment

Revenue

Our revenue from the engineering services segment increased by 11.4% to RMB6,760.1 million in 2013 from RMB6,067.4 million in 2012, mainly because of an increase in the completed construction services in the period.

Cost of sales

Our cost of sales from the engineering services segment increased by 8.2% to RMB5,293.5 million in 2013 from RMB4,892.0 million in 2012, mainly because of an increase in the completed construction services in the period.

Gross profit and gross profit margin

Our gross profit from the engineering services segment increased by 24.8% to RMB1,466.5 million in 2013 from RMB1,175.4 million in 2012, mainly because of an increase in the completed construction services in the period. Our gross profit margin from the engineering services segment increased to 21.7% in 2013 from 19.4% in 2012, primarily due to the increase in gross profit margin of EPC projects.

Operating profit

Operating profit for our engineering services segment increased by 11.3% to RMB800.3 million in 2013 from RMB718.9 million in 2012, while the operating profit margin for the engineering service segment of the Group was 11.8% in these two periods, mainly because of an increase in the research and development expenses for the period, which offset the impact from the increase in gross profit.

Liquidity and financial resources

As at 31 December 2013, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB97,286.9 million in total.

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

	As at 31 December	
	2013	2012
	(RMB in millions)	
Bank loans	**17,208.2**	108,168.7
Other borrowings from non-financial institutions	**—**	34,447.8
	170,208.2	142,616.5

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

	As at 31 December	
	2013	2012
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**113,331.8**	90,751.9
Between one and two years	**21,721.2**	19,365.0
Between two and three years	**20,550.2**	20,349.3
Between three and five years (inclusive of both years)	**14,157.0**	10,167.0
Over five years	**448.0**	1,983.3
Total	**170,208.2**	142,616.5

As at 31 December 2013, bank loans in the amount of RMB6,498.0 million were secured by assets of the Group with a total carrying value of RMB17,209.0 million.

As at 31 December 2013 and 31 December 2012, we had a debt-to-asset ratio of 58.4% and 57.9%, respectively.

Exchange Risks

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

Contingent Liabilities

Certain contingent liabilities were incurred resulting from the Group's provision of guarantee to banks in respect of bank credits used by an independent third party. The highest un-discounted values of the underlying payment resulting from such guarantees are set out as follows:

	As at 31 December	
	2013	2012
	(RMB in millions)	
Guarantee to banks in respect of bank credits used by an independent third party of subsidiaries before acquisition	**85.0**	355.0
Total	**85.0**	355.0

Capital Commitments

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

	As at 31 December	
	2013	2012
	(RMB in millions)	
Capital expenditure of the Company in respect of acquisition of property, plant and equipment (contracted but not provided for)	**667.3**	553.9
Capital expenditure of the Company in respect of prepaid lease payments (contracted but not provided for)	**49.4**	93.0
Capital expenditure of the Company in respect of equity acquisition (contracted but not provided for)	**165.2**	963.0

Capital Expenditures

The following table sets out our capital expenditures for the year ended 31 December 2013 by segment:

	For the year ended 31 December 2013	
	(RMB in millions)	*% of total*
Cement	6,058.4	71.6
Among: China United	2,572.7	30.4
South Cement	1,174.3	13.9
North Cement	612.2	7.2
Southwest Cement	1,662.5	19.7
Commercial concrete	513.9	6.1
Among: China United	342.3	4.0
South Cement	124.2	1.5
North Cement	18.1	0.2
Southwest Cement	28.1	0.3
Lightweight building materials	920.1	10.9
Glass fibre and composite materials	214.4	2.5
Engineering services	83.1	1.0
Others	668.8	7.9
Total	8,458.7	100.0

Cash Flow from Operating Activities

For 2013, our net cash inflow generated from operating activities was RMB11,656.5 million. Such net cash inflow was primarily due to RMB25,405.8 million of cash flow from operating activities before the change in working capital, partially offset by a RMB7,548.7 million increase in trade and other receivables and a RMB2,673.3million decrease in trade and other payables.

Cash Flow from Investing Activities

For 2013, our net cash outflow from investing activities was RMB28,486.9 million, which was primarily due to an expenditure of RMB3,480.6 million for acquisition of subsidiaries, the purchase of property, plant and equipment mainly used for the cement and lightweight building materials segments amounting to RMB9,409.8million in total, other payment for investing activities of RMB11,688.9 million and a RMB8,297.1 million paid in deposits.

Cash Flow from Financing Activities

For 2013, we had a net cash inflow from financing activities amounting to RMB15,638.4 million, primarily attributable to a total of RMB132,271.2 million in new borrowings, partially offset by RMB108,477.1 million for repayment of borrowings.

OUTLOOK FOR 2014

2014 is the first year of deepening reform comprehensively and a critical year of the completion of "Twelfth Five-year Plan". The central government of China will continue to insist on the general tone of making progress while ensuring stability in line with the continuity and stability of macroeconomic policy, and implement proactive fiscal policy and prudent monetary policy to ensure the steady growth of the economy. Meanwhile, regarding the concern about the severe overcapacity issue and the needs to control air pollution, the central government of China will further increasingly impose restrictions on new production capacity and phase out obsolete production capacity, successively issue specific measures on the "replacement of existing capacity with the same or less capacity" (等量或減量置換), new standard of portland cement and policy measures on promoting corporate merging and restructuring to alleviate severe overcapacity issue in the cement industry. In 2014, new-type urbanization will drive investment for urban infrastructure, public service facilities, social housing construction, shanty town renovation and others. Benefiting from such policies and measures, the overall environment of the building material industry will become more positive, where demands will keep a stable growth and the dynamics of supply and demand will be improved.

2014 is a year of deep management integration for CNBM. The Group will firmly leverage the opportunity arising from the transformation of economic development mode and the adjustment of industrial structure. In adherence to the operation objective of "making progress while ensuring stability", the Group will regard performance as a matter of priority, continue to push forward "integration and optimization, profit raising and gearing reduction", detailed and implemented the "Eight Working Methods" of management integration, solidly carry forward capital operation, consolidation and restructuring and project construction to fully accomplish all the missions of the year 2014.

Firstly, we will adhere to the business ideology of "PCP", stick to KPI management, focus on performance, strengthen marketing, and thus improve the profitability level.

Secondly, we will endeavor to improve quality and increase efficiency, promote internal development capability and competitiveness of the enterprise. According to the principle of "simplified organization and capable personnel", we will continue to optimize organizational structure to enhance labor productivity and management standard. We will also implement the cost and expense saving plan to reduce cost and increase profit.

Thirdly, we will pay attention to cash flow management, unswervingly accomplish centralized management of funds to improve efficiency of capital utility.

Fourthly, we will solidly proceed with capital operation through expanding the financing platform to optimize capital structure and reduce financial cost and gearing.

Fifth, we will orderly push forward consolidation and restructuring of the cement and commercial concrete business in the core profit-generating regions based on the plan of capital expenditure and the principle of "Optimize Core Profit-generating Regions". On the other hand, we will positively explore innovative restructuring mode such as cooperation, joint venture, lease and so on to improve market control and bargaining power.

Sixthly, with a focus on quality improvement, cost reduction and profit raising, we will actively proceed with scientific and technological innovation, environmental protection and energy saving and emission reduction to accomplish intensive development with low investment, low consumption, low emission and high efficiency.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company consistently adheres to the governance concept of combining prescribed standards with practicality. During the year from 1 January 2013 to 31 December 2013, the Company complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules, proceeded with changes in the rules in a timely manner and took into account the development process and the management needs of the Company in conducting the multiple segments, multi-dimensional and extended review of system design, management decision, specific implementation and so on which resulted in the formation of an internal regulatory system closely adhering to the requirements under the Listing Rules and facilitated the optimization of the Company's corporate governance. Under the guidance of the regulatory documents such as the Listing Rules, the Articles of Association of the Company, the Terms of Reference of the Audit Committee, the Terms of Reference of the Remuneration and Performance Appraisal Committee and the Terms of Reference of the Nomination Committee, the general meetings, the Board and the Supervisory Committee have thoroughly clarified the rules of procedures, refined the management and control responsibilities, further broadened its forward-looking vision and improved the quality and efficiency of decision making on the solid basis of the existing governance structure leading to the healthy operation of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company during the year ended 31 December 2013 ("securities" shall have the meaning as defined in the Listing Rules).

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

The Company has adopted a set of code no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with all Directors, the Company confirms that each of the Directors has complied with the Model Code and the Code for Securities Transactions of China National Building Material Company Limited during the period from 1 January 2013 to 31 December 2013.

AUDIT COMMITTEE

The members of the audit committee of the Company formed pursuant to Appendix 14 of the Listing Rules include Mr. Wu Liansheng (Chairman), Mr. Ma Zhongzhi and Ms. Cui Lijun. The principal duties of the audit committee include supervising the Company's financial reporting procedures, internal control and risk management. During the reporting period, the audit committee has operated in accordance with Appendix 14 of the Listing Rules. The audit committee has reviewed the Group's financial statements and results for the year ended 31 December 2013.

DIVIDENDS

The Board recommends the distribution of a final dividend of RMB863,844,201.92 in total (pre-tax) for the period from 1 January 2013 to 31 December 2013 (2012: RMB836,849,070.61 in total (pre-tax)) for Shareholders whose names appear on the Company's register of members on Wednesday, 4 June 2014, representing RMB0.160 per share (pre-tax) (2012: RMB0.155 per share (pre-tax)) based on 5,399,026,262 shares in issue as at the date of this announcement.

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

The proposed final dividend is subject to approval at the annual general meeting to be held on Friday, 23 May 2014.

In accordance with tax law and relevant requirements under taxation regulatory institutions of the PRC, the Company is required to withhold 10% enterprise income tax when it distributes the final dividend for the year ended 31 December 2013 to all non-resident enterprise shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise shareholders) whose names appear on the H share register of members of the Company on Wednesday, 4 June 2014.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Tentative Measures on Withholding and Payment of Individual Income Tax (《個人所得稅代扣代繳暫行辦法》) and other relevant laws and regulations and based on the Company's consultation with the relevant PRC tax authorities, the Company is required to withhold and pay 20% individual income tax for the Company's individual H shareholders whose names appear on the register of members of H shares of the Company (the "Individual H Shareholders"). Pursuant to the Notice on Matters concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅征管問題的通知》) issued by the State Administration of Tax and the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by the Stock Exchange, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax arrangements between the countries where they reside and China and the tax arrangements between China mainland and Hong Kong (Macau). The Company will identify the country of domicile of Individual H Shareholders according to their registered address on the H share register of members of the Company on Wednesday, 4 June 2014 (the "Registered Address"). The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows:

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

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. If relevant Individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, the Company can assist the relevant shareholder to handle the application for the underlying preferential tax benefits pursuant to the tax treaties, provided that the relevant shareholder shall submit to the Company the information required under the "Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)" (Guo Shui Fa [2009] No.124) (《國家稅務總局關於印發<非居民享受稅收協定待遇管理辦法試行>的通知》國稅發[2009]124號) (the "Tax Treaties Notice") on or before Wednesday, 11 June 2014. Upon examination and approval by competent tax authorities, the Company will assist in refunding the additional amount of tax withheld and paid.

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

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

If the domicile of an Individual H Shareholder is not the same as the Registered Address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Wednesday, 11 June 2014. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notices if they do not provide the relevant supporting documents to the Company within the time period stated above.

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

CHANGE OF ADDRESS OF H SHARE REGISTRAR IN HONG KONG

With effect from 31 March 2014, the address of H Share Registrar in Hong Kong of the Company, Tricor Investor Services Limited (the "H Share Registrar"), will be changed from 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong to:

Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the H Share Registrar will remain unchanged.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders who are eligible to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 23 April 2014 to Friday, 23 May 2014 (both days inclusive), during which period no transfer of shares in the Company will be effected. To be eligible to attend and vote at the forthcoming annual general meeting, holders of H Shares of the Company shall lodge all the share transfer documents and relevant certificates with the Company's H Share Registrar, Tricor Investor Services Limited for registration not later than 4:30p.m. on Tuesday, 22 April 2014 for share registration.

Shareholders whose names appear on the register of members on Wednesday, 4 June 2014 will be eligible for the final dividend. The register of members of the Company will be closed from Friday, 30 May 2014 to Wednesday, 4 June 2014 (both days inclusive), during such period no share transfer will be registered. In order to qualify for the final dividend mentioned above, holders of H Shares whose transfers have not been registered shall deposit the instrument(s) of transfer and the relevant share certificate(s) at Tricor Investor Services Limited, the Company's H Share Registrar, not later than 4:30p.m. on Thursday, 29 May 2014 to facilitate the share transfer registration. The final dividend is expected to be paid on or before Friday, 27 June 2014 to the shareholders whose names appear on the register of members of the Company on Wednesday, 4 June 2014.

MATERIAL TRANSACTIONS

Lapse of the Specific Mandate in Respect of the Proposed A Share Issue

The proposed A Share Issue was approved by the shareholders by Special Mandate on 16 September 2011 at the extraordinary general meeting, the H shareholders class meeting and the domestic shareholders class meeting of the Company. The Specific Mandate had an initial term ending on 15 September 2012 and was extended for a further period of 12 months commencing from 10 September 2012 by the shareholders at the extraordinary general meeting, the H shareholders class meeting and the domestic shareholders class meeting of the Company held on 10 September 2012.

In the light of the prevailing domestic capital market situation, the Company has decided not to seek the renewal of the Specific Mandate which will lapse on 9 September 2013. The Company may review its actual needs and the market conditions to decide whether or not to re-launch the proposed A Share Issue in the future and make relevant disclosures and take other steps as may be required under the Listing Rules.

Details of the lapse of the Specific Mandate in respect of the proposed A Share Issue were set out in the announcement of the Company dated 23 August 2013.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2013, the Group had approximately 134,780 employees.

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

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

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

In accordance with the requirements under the Listing Rules which are applicable to the reporting period, the 2013 Annual Report containing all information about the Company set out in this preliminary announcement of results for the year ended 31 December 2013 will be posted on the website of the Stock Exchange (website: http://www.hkex.com.hk) on or before 30 April 2014. This information will also be published on the website of the Company (website: http://cnbm.wsfg.hk).

DEFINITIONS

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

"Baker Tilly China"	天職國際會計師事務所(特殊普通合夥) (Baker Tilly China Certified Public Accountants)
"Baker Tilly HK"	天職香港會計師事務所有限公司 (Baker Tilly Hong Kong Limited)
"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
"Board"	the board of directors of the Company
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Fiberglass"	中國玻纖股份有限公司 (China Fiberglass Company Limited)
"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 PRC
"Director(s)"	the member(s) of the Board 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
"EPC"	turn-key project services that include design, procurement and construction etc.

"Fa Gai Chan Ye [2013] No. 892 Document"	"Notice about the Determination to Suppress Unchecked Expansion of Industries with Severe Excess Capacity" (《關於堅決遏制產能嚴重過剩行業盲目擴張的通知》) jointly issued by the National Development and Reform Commission of the PRC（國家發展和改革委員會）and MIIT on 10 May 2013
"Five C"	marketing centralisation, procurement centralisation, financial centralisation, technical centralisation and investment decision-making centralisation
"GDP"	gross domestic product
"Group", "we" and "us"	the Company and, except where the context otherwise requires, all its subsidiaries
"Guo Fa [2013] No. 41 Document"	"the State Council's Guidelines on Addressing Severe Overcapacity"（國務院關於化解產能嚴重過剩矛盾的指導意見）issued on 15 October 2013
"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK$
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
"Huaihai"	including (but not limited to) southern Shandong, northern Jiangsu, eastern Henan and northern Anhui
"Huaihai China United"	淮海中聯水泥有限公司 (China United Cement Huaihai Co., Ltd.)
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	person(s) or company(ies) which is (are) independent of the directors, supervisors, controlling shareholder, substantial shareholder and the chief executive (such terms as defined in the Listing Rules) of the Company or any of its subsidiaries or an associate of any of them
"KPI"	Key performance index
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"MIIT''	Ministry of Industry and Information Technology of the People's Republic of China

"NBS"	中國國家統計局(National Bureau of Statistics of China)
"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"NSP"	cement produced by clinker made through the new suspension preheater dry process
"Parent"	中國建築材料集團有限公司 (China National Building Material Group Corporation)
"Parent Group"	collectively, Parent and its subsidiaries (excluding the Group)
"PCP"	PCP, being Price-Cost-Profit
"PRC"	the People's Republic of China
"preparation, meticulosity, refinement, solidity"	making deployment of operation in advance, implementing plans and accomplishing goals as early as possible; further refining objectives and measures, and formulating specific strategies based on the markets and features; advancing management enhancement, meticulous organisation and delicacy management to improve quality and profitability; working solidly with sound dedication to enhance the basis for development and strengthen foundation
"Reporting Period"	the period from 1 January 2013 to 31 December 2013
"RMB"or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"Shanghai South Cement"	上海南方水泥有限公司 (Shanghai South Cement Company Limited)
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both the Domestic Shares and the H Shares
"Shareholder(s)"	holder(s) of Share(s)
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"Southwest Cement"	西南水泥有限公司(Southwest Cement Company Limited)
"State"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s)of the Supervisory Committee

"Supervisory Committee"	the supervisory committee of the Company
"Taishan Gypsum"	泰山石膏股份有限公司 (Taishan Gypsum Company Limited)
"'Three Five' management"	Five N (operation mode), i.e. integration, modelization, institutionalization, processisation and digitalisation. Five C (management mode), i.e. marketing centralisation, procurement centralisation, financial centralisation, technical centralisation and investment decision-making centralization. Five I (five key operation indices), i.e. net profit, selling price and sales volume, cost, cash flow and gearing ratio
"Three Formulations"	Formulation of functions, formulation of structure and formulation of staffing
"Zhejiang South Cement"	浙江南方水泥有限公司 (Zhejiang South Cement Company Limited)

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

Beijing, the PRC
25 March 2014

As at the date of this announcement, the board of directors of the Company comprises Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou, Mr. Cui Xingtai and Mr. Chang Zhangli as executive directors, Mr. Guo Chaomin, Mr. Huang Anzhong and Ms. Cui Lijun as non-executive directors, and Mr. Qiao Longde, Mr. Li Decheng, Mr. Ma Zhongzhi, Mr. Shin Fang and Mr. Wu Liansheng as independent non-executive directors.

* *For identification only*