CNBM

China National Building Material Company Limited*

(Stock Code: 3323)

2015 Interim Report 中期報告

* For identification only

Financial and Business Highlights

	As at 30 June 2015	As at 31 December 2014	Growth rate
	(RMB in millions)		
Bank balances and cash	**17,990**	10,291	74.8%
Total assets	**337,783**	316,482	6.7%
Equity attributable to equity holders	**40,563**	40,573	-0.02%

	For the six months ended 30 June		
	2015	2014	Growth rate
	(RMB in millions)		
Revenue	**48,339**	55,781	-13.3%
Profit after taxation	**1,567**	2,878	-45.6%
Profit attributable to equity holders of the Company	**792**	1,798	-56.0%
Net cash flows from operating activities	**3,693**	7,487	-50.7%
Sales volume of cement and clinker			
(in thousand tonnes)	**132,052**	133,883	-1.4%
– China United	**29,035**	30,987	-6.3%
– South Cement	**54,009**	55,043	-1.9%
– North Cement	**7,534**	8,449	-10.8%
– Southwest Cement	**40,829**	38,729	5.4%
Commercial concrete sales volume *(in thousand m^3)*	**33,560**	41,407	-19.0%
– China United	**12,811**	16,734	-23.4%
– South Cement	**18,609**	22,480	-17.2%
– North Cement	**1,071**	575	86.3%
– Southwest Cement	**484**	669	-27.7%
Gypsum board *(in million m^2)*	**660**	641	2.9%
Revenue from engineering service *(RMB in millions)*	**3,120**	2,983	4.6%
Rotor blade *(in blade)*	**2,868**	1,584	81.1%
Glass fiber yarn *(in thousand tonnes)*	**532**	472	12.7%
Selling price			
Cement sold by China United *(RMB per tonne)*	**208.0**	261.9	-20.6%
Clinker sold by China United *(RMB per tonne)*	**185.8**	236.7	-21.5%
Commercial concrete sold by China United			
(RMB per m^3)	**282.6**	313.4	-9.8%
Cement sold by South Cement *(RMB per tonne)*	**219.5**	254.1	-13.6%
Clinker sold by South Cement *(RMB per tonne)*	**182.5**	230.7	-20.9%
Commercial concrete sold by South Cement			
(RMB per m^3)	**336.1**	330.1	1.8%
Cement sold by North Cement *(RMB per tonne)*	**288.3**	324.6	-11.2%
Clinker sold by North Cement *(RMB per tonne)*	**217.1**	263.4	-17.6%
Commercial concrete sold by North Cement			
(RMB per m^3)	**318.8**	372.1	-14.3%
Cement sold by Southwest Cement *(RMB per tonne)*	**229.2**	257.4	-11.0%
Clinker sold by Southwest Cement *(RMB per tonne)*	**193.1**	245.5	-21.3%
Commercial concrete sold by Southwest Cement			
(RMB per m^3)	**280.8**	304.4	-7.8%
Gypsum board			
– BNBM *(RMB per m^2)*	**6.47**	6.79	-4.7%
– Taishan Gypsum *(RMB per m^2)*	**4.46**	4.63	-3.7%
Rotor blade *(RMB per blade)*	**371,215**	401,500	-7.5%

Contents

This interim report, in both Chinese and English versions, is available on the Company's website at http://cnbm.wsfg.hk (the "Company Website"). Shareholders who have chosen or are deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or downloading the Corporate Communications posted on the Company Website will promptly upon request be sent the Corporate Communications in printed form free of charge.

Shareholders may at any time change their choices of the means of receipt of Corporate Communications (either in printed form or via the Company Website).

Shareholders may at any time send their requests to receive the interim report and/or to change their choices of the means of receipt of Corporate Communications by notice in writing to the H share registrar of the Company, Tricor Investor Services Limited at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by sending an email to the H share registrar of the Company at cnbm3323-ecom@hk.tricorglobal.com.

Corporate Information

DIRECTORS:

Executive Directors

Song Zhiping *(Chairman of the Board)*
Cao Jianglin *(President)*
Peng Shou *(Vice President)*
Cui Xingtai *(Vice President)*
Chang Zhangli *(Vice President)*

Non-executive Directors

Guo Chaomin
Huang Anzhong
Tao Zheng

Independent Non-executive Directors

Shin Fang
Tang Yunwei
Zhao Lihua
Wu Liansheng
Sun Yanjun

STRATEGIC STEERING COMMITTEE

Song Zhiping *(Chairman)*
Sun Yanjun
Cao Jianglin

NOMINATION COMMITTEE

Tang Yunwei *(Chairman)*
Zhao Lihua
Song Zhiping

REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE

Shin Fang *(Chairman)*
Zhao Lihua
Song Zhiping

AUDIT COMMITTEE

Wu Liansheng *(Chairman)*
Tang Yunwei
Sun Yanjun

SUPERVISORS:

Wu Jiwei *(Chairman of the Supervisory Committee)*
Zhou Guoping
Wu Weiku *(Independent Supervisor)*
Liu Jianwen *(Independent Supervisor)*
Cui Shuhong *(Staff Representative Supervisor)*
Liu Zhiping *(Staff Representative Supervisor)*

Secretary of the Board:	Chang Zhangli
Joint Company Secretaries:	Chang Zhangli Lo Yee Har Susan (FCS, FCIS)
Authorised Representatives:	Song Zhiping Chang Zhangli
Alternate Authorised Representative:	Lo Yee Har Susan (FCS, FCIS) (Lee Mei Yi (FCS, FCIS), alternate to Lo Yee Har Susan)
Qualified Accountant:	Pei Hongyan (FCCA)
Registered Address:	Tower 2 (Building B), Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
Principal Place of Business:	21st Floor Tower 2, Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC

Corporate Information *(Continued)*

Postal Code:	100036
Place of Representative Office in Hong Kong:	Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Principal Bankers:	Agricultural Bank of China Limited Bank of Communications Co., Ltd. China Construction Bank Corporation
PRC Legal Adviser:	Jingtian and Gongcheng Law Office Level 34, Tower 3, China Central Palace 77 Jianguo Road Chaoyang District, Beijing The PRC
Hong Kong Legal Adviser:	Slaughter and May 47th Floor, Jardine House One Connaught Place Central Hong Kong
International Auditor:	Baker Tilly Hong Kong Limited 2nd Floor 625 King's Road, North Point Hong Kong
Domestic Auditor:	Baker Tilly China Certified Public Accountants Building 12, Foreign Culture and Creative Garden No. 19, Chegongzhuang West Road Haidian District, Beijing The PRC
H Share Registrar in Hong Kong:	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Stock Code:	3323
Company Websites:	http://cnbm.wsfg.hk www.cnbmltd.com

Definitions

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

“Baishan Cement”	金剛(集團)白山水泥有限公司 (Jingang (Group) Baishan Cement Company Limited)
“Beijing Triumph”	北京凱盛建材工程有限公司 (Beijing Triumph Building Materials Engineering Co., Ltd.)
“Bengbu Triumph”	蚌埠凱盛工程技術有限公司 (China Triumph Bengbu Engineering and Technology Company Limited)
“Binzhou Cement”	黑龍江省賓州水泥有限公司 (Heilongjiang Binzhou Cement Company Limited)
“BNBM”	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
“BNBMG”	北新建材集團有限公司 (Beijing New Building Material (Group) Co., Ltd.
“BNBM Green Residence”	北新綠色住宅有限公司 (Beijing New Building Material Green Residence Company Limited)
“BNBM PNG”	中建投巴新公司 (BNBM PNG Limited)
“BNBM Taicang”	太倉北新建材有限公司 (BNBM Taicang Company Limited)
“BNS”	北新科技發展有限公司 (BNS Company Limited)
“Board”	the board of directors of the Company
“Building Materials Academy”	中國建築材料科學研究總院 (China Building Materials Academy)
“China Composites”	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
“China Jushi”	中國巨石股份有限公司 (China Jushi Co., Ltd.)

"China Triumph"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United"	中國聯合水泥集團有限公司 (China United Cement Corporation)
"Chongqing Southwest Cement"	重慶西南水泥有限公司 (Chongqing Southwest Cement Company Limited)
"Cinda"	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.)
"CNBM Investment"	中建材投資有限公司 (CNBM Investment Company Limited)
"CNBMI Logistics"	中建投物流有限公司 (CNBMI Logistics Company Limited)
"CNBMIT"	中建投商貿有限公司 (CNBMIT Co., Ltd.)
"CNBM Trading"	中建材集團進出口公司 (China National Building Materials & Equipment Import & Export Corporation)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"Dequan Wangqing"	吉林德全集團汪清水泥有限責任公司 (Jilin Dequan Cement Group Wangqing Co., Ltd.)
"Dezhou China United"	德州中聯大壩水泥有限公司 (China United Cement Dezhou Daba Co., Ltd.)
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"Eight Working Methods"	"Five C", KPI management, zero inventory, counselor system, benchmark management and optimization, "PCP", core profit-generating regions and market competition and cooperation
"EPC"	turn-key project services that include design, procurement and construction

"Environmental Protection Research Institute"	江蘇中建材環保研究院有限公司 (Jiangsu CNBM Environmental Protection Research Institute Company Limited)
"Five C"	marketing centralization, procurement centralization, financial centralization, technical centralization and investment decision-making centralization
"Four Execution & Four Control"	reform execution, innovation execution, marketing execution and management execution & expenditure control, gearing control, cost control and risk control
"Four Increase & Four Reduction"	sales volume increase, variety increase, price increase and profit increase & hierarchy reduction, organization reduction, excess staff reduction and vehicle reduction
"GDP"	Gross domestic product
"Group", "we" and "us"	the Company and, except where the context otherwise requires, all its subsidiaries
"Guang An BNBM"	廣安北新建材有限公司 (Guang An BNBM Building Material Company Limited)
"Guangxi South Cement"	廣西南方水泥有限公司 (Guangxi South Cement Company Limited)
"Guizhou Southwest Cement"	貴州西南水泥有限公司 (Guizhou Southwest Cement Company Limited)
"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$
"Hangzhou South Cement"	杭州南方水泥有限公司 (Hangzhou South Cement Company Limited)
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
"Hubei BNBM"	湖北北新建材有限公司 (Hubei BNBM Building Material Company Limited)
"Huaihai China United"	淮海中聯水泥有限公司 (China United Cement Huaihai Co., Ltd.)

"Hunan South Cement"	湖南南方水泥集團有限公司 (Hunan South Cement Group Company Limited)
"IFRS"	International Financial Reporting Standards
"Jetion Solar"	中建材浚鑫科技股份有限公司 (Jetion Solar (China) Co., Ltd.)
"Jiamusi North Cement"	佳木斯北方水泥有限公司 (Jiamusi North Cement Company Limited)
"Jiangxi South Cement"	江西南方水泥有限公司 (Jiangxi South Cement Company Limited)
"Jingang Group"	遼源金剛水泥(集團)有限公司 (Liaoyuan Jingang Cement (Group) Company Limited)
"Jushi Group"	巨石集團有限公司 (Jushi Group Company Limited)
"KPI"	Key performance index
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Lunan China United"	魯南中聯水泥有限公司 (China United Cement Lunan Co., Ltd.)
"methods of increasing, saving and reducing"	increasing revenue, saving cost and reducing energy consumption
"MIIT"	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People's Republic of China)
"Nanjing Triumph"	南京凱盛國際工程有限公司 (Nanjing Triumph International Engineering Company Limited)
"NBS"	中國國家統計局 (National Bureau of Statistics of China)
"NDRC"	中華人民共和國國家發展和改革委員會 (National Development and Reform Commission of the People's Republic of China)

"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"Parent"	中國建築材料集團有限公司 (China National Building Materials Group Corporation)
"Parent Group"	collectively, Parent and its subsidiaries (excluding the Group)
"'PCP'"	PCP, Price-Cost-Profit
"PRC"	the People's Republic of China
"preparation, meticulosity, refinement, solidity"	planning operation in advance, implementing plans and accomplishing goals as early as possible;further refining objectives and measures, and formulating specific strategies based on the market and own features; enhancing management, meticulous organisation and delicate management to improve quality and profitability; working solidly to enhance the basis for development and strengthen foundation
"Promoters"	the promoters of the Company, namely the Parent, BNBMG, Cinda, Building Materials Academy and CNBM Trading
"Qingzhou China United"	青州中聯水泥有限公司 (Qingzhou China United Cement Company Limited)
"Qufu China United"	曲阜中聯水泥有限公司 (Qufu China United Cement Company Limited)
"Reporting Period"	the period from 1 January 2015 to 30 June 2015
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Shanghai South Cement"	上海南方水泥有限公司 (Shanghai South Cement Company Limited)
"Shanshui Cement"	中國山水水泥集團有限公司 (China Shanshui Cement Group Limited)
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising both Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of Share(s)

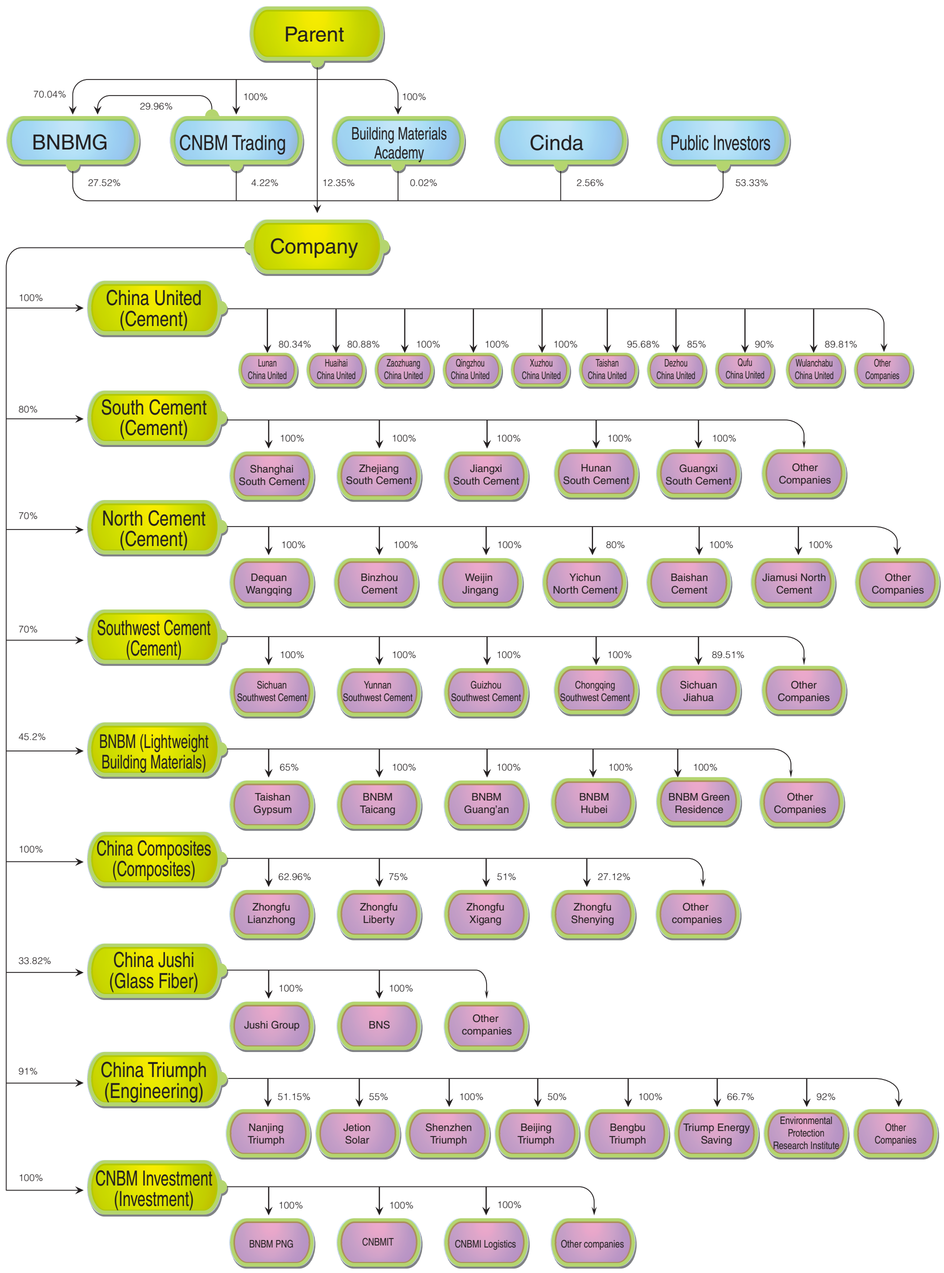
Definitions *(Continued)*

"Shenzhen Triumph"	深圳市凱盛科技工程有限公司 (CTIEC Shenzhen Scieno-tech Engineering Company Limited)
"Sichuan Southwest Cement"	四川西南水泥有限公司 (Sichuan Southwest Cement Company Limited)
"Sichuan Jiahua"	四川嘉華企業(集團)股份有限公司 (Sichuan Jiahua Enterprise (Group)Co., Ltd.)
"Six-star Enterprise"	enterprise with desirable operating result, delicacy management, leading environmental protection, well-known brand, advanced simplicity, safety and stability
"South Cement"	南方水泥有限公司 (South Cement Company Limited)
"Southwest Cement"	西南水泥有限公司 (Southwest Cement Company Limited)
"State", "state" or "PRC Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the members of the supervisory committee of the Company
"Taishan China United"	泰山中聯水泥有限公司 (China United Cement Taishan Co., Ltd.)
"Taishan Gypsum"	泰山石膏股份有限公司 (Taishan Gypsum Company Limited)
"Three Formulations"	Formulation of functions, formulation of structure and formulation of staffing
"three no-fears and four efforts"	No fear of toil, no fear of grievance and no fear of setbacks; efforts through innumerable means, endless words (to persuade), thousands miles (to walk) and overcoming innumerable hardships
"Triumph Energy Saving"	上海凱盛節能工程技術有限公司 (Shanghai Triumph Energy Saving Engineering Technology Company Limited)

"Weijin Jingang"	遼源渭津金剛水泥有限公司 (Liaoyuan Weijin Jingang Cement Company Limited)
"Wulanchabu China United"	烏蘭察布中聯水泥有限公司 (China United Cement Wulanchabu Co., Ltd.)
"Xuzhou China United"	徐州中聯水泥有限公司 (China United Cement Xuzhou Co., Ltd.)
"Yichun North Cement"	伊春北方水泥有限公司 (Yichun North Cement Company Limited)
"Yunnan Southwest Cement"	雲南西南水泥有限公司 (Yunnan Southwest Cement Company Limited)
"Zaozhuang China United"	棗莊中聯水泥有限公司 (China United Cement Zaozhuang Co., Ltd.)
"Zhejiang South Cement"	浙江南方水泥有限公司 (Zhejiang South Cement Company Limited)
"Zhongfu Lianzhong"	連雲港中複連眾複合材料集團有限公司 (Lianyungang Zhongfu Lianzhong Composite Material Group Company Limited)
"Zhongfu Liberty"	常州中複麗寶第複合材料有限公司 (Changzhou China Composites Liberty Company Limited)
"Zhongfu Shenying"	中複神鷹碳纖維有限公司 (Zhongfu Shenying Carbon Fiber Company Limited)
"Zizhong Southwest"	四川資中西南水泥有限公司 (Sichuan Zizhong Southwest Cement Company Limited)

Shareholding Structure of the Group

The simplified structure of the Group as at 30 June 2015 is set out as below:



Notes:

- The aforementioned percentages are rounded to 2 decimal places.
- The sum of the percentages of the holdings may differ from the total amount thereof due to rounding.

Financial Highlights

The summary of financial results of the Group for the six months ended 30 June 2015 and 30 June 2014 is as follows:

	For the six months ended 30 June	
	2015 (unaudited)	2014 (unaudited)
	(RMB in thousands)	
Revenue	**48,339,127**	55,780,666
Gross profit	**11,888,516**	14,897,740
Profit after taxation	**1,567,224**	2,878,453
Profit attributable to equity holders of the Company	**791,604**	1,797,833
Distribution made to the equity holders of the Company	**890,839**	863,844
Earnings per share – basic *(RMB)*[(1)]	**0.147**	0.333

Notes:

(1) The calculations of basic earnings per share are based on the profit attributable to equity holders of the Company of each period and on the weighted average number of 5,399,026,262 shares for the six months ended 30 June 2014 and the weighted average number of 5,399,026,262 shares for the six months ended 30 June 2015.

	30 June 2015 (unaudited)	31 December 2014 (audited)
	(RMB in thousands)	
Total assets	**337,783,241**	316,481,826
Total liabilities	**270,749,371**	249,504,595
Net assets	**67,033,870**	66,977,231
Non-controlling interests	**21,328,480**	21,404,205
Equity attributable to equity holders of the Company	**40,562,993**	40,572,901
Net assets per share – weighted average *(RMB)*[(1)]	**7.51**	7.51
Debt to assets ratio[(2)]	**56.3%**	55.9%
Net debt ratio[(3)]	**256.7%**	248.9%

Notes:

(1) The calculations of weighted average net assets per share are based on the equity attributable to equity holders of the Company of each period and on the weighted average number of 5,399,026,262 shares for 2014 and the weighted average number of 5,399,026,262 shares for the six months ended 30 June 2015.

(2) Debt to assets ratio = total borrowings/total assets x 100%.

(3) Net debt ratio = (total borrowings-bank balances and cash)/net assets x 100%.

Business Highlights

The summary of major operating data of each segment of the Group for the six months ended 30 June 2015 and 30 June 2014 is set out below:

CEMENT SEGMENT

China United

	For the six months ended 30 June	
	2015	2014
Production volume – cement *(in thousand tonnes)*	**21,920**	23,970
Production volume – clinker *(in thousand tonnes)*	**23,680**	26,210
Sales volume – cement *(in thousand tonnes)*	**19,853**	21,080
Sales volume – clinker *(in thousand tonnes)*	**9,182**	9,907
Unit selling price – cement *(RMB per tonne)*	**208.0**	261.9
Unit selling price – clinker *(RMB per tonne)*	**185.8**	236.7
Sales volume – commercial concrete *(in thousand m^3)*	**12,811**	16,734
Unit selling price-commercial concrete *(RMB per m^3)*	**282.6**	313.4

South Cement

	For the six months ended 30 June	
	2015	2014
Production volume – cement *(in thousand tonnes)*	**43,137**	43,360
Production volume – clinker *(in thousand tonnes)*	**41,529**	42,608
Sales volume – cement *(in thousand tonnes)*	**42,057**	41,464
Sales volume – clinker *(in thousand tonnes)*	**11,952**	13,579
Unit selling price – cement *(RMB per tonne)*	**219.5**	254.1
Unit selling price – clinker *(RMB per tonne)*	**182.5**	230.7
Sales volume – commercial concrete *(in thousand m^3)*	**18,609**	22,480
Unit selling price-commercial concrete *(RMB per m^3)*	**336.1**	330.1

CEMENT SEGMENT *(CONTINUED)*

North Cement

	For the six months ended 30 June	
	2015	2014
Production volume – cement *(in thousand tonnes)*	**6,514**	5,675
Production volume – clinker *(in thousand tonnes)*	**5,512**	7,135
Sales volume – cement *(in thousand tonnes)*	**6,798**	5,518
Sales volume – clinker *(in thousand tonnes)*	**736**	2,931
Unit selling price – cement *(RMB per tonne)*	**288.3**	324.6
Unit selling price – clinker *(RMB per tonne)*	**217.1**	263.4
Sales volume – commercial concrete *(in thousand m^3)*	**1,071**	575
Unit selling price – commercial concrete *(RMB per m^3)*	**318.8**	372.1

Southwest Cement

	For the six months ended 30 June	
	2015	2014
Production volume – cement *(in thousand tonnes)*	**39,235**	36,400
Production volume – clinker *(in thousand tonnes)*	**28,605**	28,286
Sales volume – cement *(in thousand tonnes)*	**39,202**	37,268
Sales volume – clinker *(in thousand tonnes)*	**1,627**	1,461
Unit selling price – cement *(RMB per tonne)*	**229.2**	257.4
Unit selling price – clinker *(RMB per tonne)*	**193.1**	245.5
Sales volume – commercial concrete *(in thousand m^3)*	**484**	669
Unit selling price – commercial concrete *(RMB per m^3)*	**280.8**	304.4

Business Highlights *(Continued)*

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

	For the six months ended 30 June	
	2015	2014
Gypsum boards – BNBM		
Production volume *(in million m^2)*	**104.7**	105.3
Sales volume *(in million m^2)*	**101.9**	109.4
Average unit selling price *(RMB per m^2)*	**6.47**	6.79
Gypsum boards – Taishan Gypsum		
Production volume *(in million m^2)*	**553.4**	539.5
Sales volume *(in million m^2)*	**557.9**	532.0
Average unit selling price *(RMB per m^2)*	**4.46**	4.63

GLASS FIBER AND COMPOSITE MATERIALS SEGMENT

	For the six months ended 30 June	
	2015	2014
Rotor blade		
Production volume *(in blade)*	**3,056**	1,646
Sales volume *(in blade)*	**2,868**	1,584
Average unit selling price *(RMB per blade)*	**371,215**	401,500

The Group is mainly engaged in cement, lightweight building materials, glass fiber, composite materials and engineering services businesses. As regards the current market positions (in terms of the production capacity as at 30 June 2015), the Group is:

- the largest cement producer in the world;
- the largest commercial concrete producer in the world;
- the largest gypsum board producer in the world;
- the largest rotor blade producer in China;
- a leading glass fiber producer in the world through China Jushi, an associate of the Company;
- an international engineering firm that provides design and EPC services of glass, cement production lines and solar power stations in China, leads and dominates the engineering technology market of domestic high-end glass and export of China's high-end glass.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW

Extreme complexity in domestic economic conditions were seen in the first half of 2015 as the downward pressure has been increasing. Adhering to the general tone of making progress while ensuring stability, the national economy took on a moderate but stable development trend. As compared with the same period of last year, the GDP of China increased by 7%; investments in fixed assets and real estate development increased by 11.4% and 4.6% respectively, showing a decline in growth rate when compared to past few years; and investment in infrastructure increased by 19.1% against the backdrop of the Chinese government continuing to step up investments in infrastructure but there being a prolonged process before relevant projects could be launched. Due to a drop in demand and overcapacity, the building materials industry saw a noticeable slowdown in production growth, while cement saw a continued decline in selling price and a significant decrease in profit.

In the first half of 2015, the Group made proactive efforts in overcoming various challenges such as the complicated macro-situation, overcapacity in the industry and slower growth in demand. Closely adhering to the four operation principles of "integration and optimization, profit raising and gearing reduction", "preparation, meticulosity, refinement, solidity", "Four Execution & Four Control, "Four Increase & Four Reduction" and "price stabilization, cost reduction, receivables collection and inventory control", the Group implemented the "Eight Working Methods", established "Six-star Enterprise" and comprehensively pushed forward production and operation, management integration as well as transformation and upgrading. In the first half of the year, compared with the same period last year, the sales volume of cement and clinker of the Group decreased by 1.4% to 132.1 million tonnes, the sales volume of commercial concrete decreased by 19.0% to 33.6 million m^3, the sales volume of gypsum board increased by 2.9% to 660 million m^2, the sales volume of rotor blade increased by 81.1% to 2,868 pieces. The revenue of the Group amounted to RMB48,339.1 million, representing a 13.3% decrease year on year. Profit attributable to equity holders of the Group amounted to RMB791.6 million, representing a 56.0% decrease year on year.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

CEMENT SEGMENT

Review of the cement industry in the PRC in the first half of 2015

In the first half of 2015, given multiple factors including continued slow-down in investments in fixed assets and real estate development in China, especially slow progress in infrastructure projects and the decrease in the number of new real estate projects which commenced construction as well as frequent rainfall in some regions, the cement demand further weakened. The total production of cement in China was 1.08 billion tonnes, representing a year-on-year decrease of 5.3%, and a decrease for the first time over 25 years since 1990. Cement price continued to fall and the profit of the cement industry experienced significant decline as compared to the same period last year.

Placing significant attention on the control over the overcapacity in the cement industry, the central government of China proposes to firmly curb the new capacity. In order to optimize the existing capacity, the central government increased efforts in phasing out outdated capacities based on the standards such as limiting mandatory pollutants emission and the quota of unit product energy consumption. It also provides support to enterprise merger and acquisition to enhance industry concentration. The modes such as staggering production was promoted to achieve energy saving, emissions reduction. As a result, the newly-added clinker capacity decreased by 40% year on year to 20.93 million tonnes whilst the investment in cement continued to decline and recorded a decrease of 12.3% year on year in the first half of the 2015. (Sources: NBS, MIIT and Cement Association of China (中國水泥協會))

Review of the cement segment of the Group in the first half of 2015

The cement segment of the Group proactively coped with the challenge posed by the decline in cement demand and overcapacity. By adhering to the business ideology of "PCP", the Group actively advocated industry self-regulation and working method of market co-opetition to carry out high-level and meticulous co-opetition with a focus on the core profit-generating regions. Meanwhile, it stepped up efforts in "Four Reduction" on the principle of "simplified organization and capable personnel" to comprehensively promote integration and optimization of organization structure. By deepening the "Five C" management, lean production, delicacy management and benchmark management and optimization, it rolled out the cost and expense control plan in an all-round way. In addition, the management of account receivables and inventory control was further enhanced with an aim to improve debts collection rate and efficiency in capital utilization.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

CEMENT SEGMENT *(CONTINUED)*

China United

Insisting on the business ideology of "PCP", China United vigorously promoted industry self-discipline and emission reduction, and promoted "staggering production in summer" on the basis of "staggering production in winter", in a bid to maintain a good environment for the market. Meanwhile, it comprehensively rolled out the new management mode of "integrated regional operation" and actively adjusted product structure to enhance its market share in sales. Through adhering to the cements sales to drive the sales of commercial concrete, China United acquired more control and discourse power over the terminal market.

Through continued efforts in promoting deep management integration, improving benchmark management and optimizing benchmark system, China United gradually elevated its operation quality. Further efforts were put in "Four Reduction" to enhance working efficiency through streamlining and reducing institutional headcount, and vehicle reform to facilitate costs reduction and profit improvement. More endeavors were made in cost reduction through strictly executing the cost and expense control plan. The procurement cost was effectively reduced by way of headquarter centralized procurement. Meanwhile, it formulated the scheme to effectively implement the "methods of increasing, saving and reducing" setting out specific targets, responsible layers and persons, which also enhanced the supervision of its implementation. Besides, it further strengthened its management of accounts receivable and inventory level, optimized the system of collection and settlement.

In an effort to extend its industrial chain, China United also expanded its presence in aggregate business and also optimized its presence in commercial concrete, so as to reinforce its core profit-generating regions.

South Cement

In light of the "PCP" business ideology, South Cement firmly promoted clinker production restriction and resources linkage, striving to stabilize and maintain price level. In addition, it enhanced market segmentation, consolidation and optimization of fragmented regional markets in an orderly manner to establish an elaborated local market to steadily improve its core market share.

South Cement further encouraged management integration and innovation through proactively implementing "Eight Working Methods" with a focus on benchmark management and optimization, to constantly uplift operation efficiency. In the principle of "simplified organization and capable personnel", South Cement insisted on enhancing productivity based upon integrated management and organizational optimization of its subsidiaries. On commercial concrete business, it pressed ahead with organizational optimization and mechanism innovation, market development and cost control. Centralized management of procurement was enhanced by establishing strategic partnership with major suppliers, coupled with regional collaborative procurement to reduce purchase prices of raw materials and fuel. Meanwhile, it also developed the credit risk monitoring system for sales of commercial concrete and strengthened settlement and collection of accounts receivable and quota management of inventory materials with an emphasis on management of spare parts inventory.

Enterprise competitiveness was gradually enhanced, through optimizing project construction and integration of mining and logistics resources with a focus on consolidation and optimization of its core profit-generating regions.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

CEMENT SEGMENT *(CONTINUED)*

North Cement

Facing the extremely rigorous market condition in North-east China, North Cement, firmly adhering to the "PCP" business ideology, progressively cultivated high-level and meticulous market co-opetition in the spirit of "three no-fears and four efforts" and promoted staggering production to protect the steady operation of the regional market. It adjusted its sales strategies flexibly based on the market to strive for market share and strike a balance between sales volume and price. In addition, centralized management of commercial concrete began to show its effect.

North Cement further advanced deep management integration and promoted delicacy management and lean production. It intensified the benchmarking management and made full use of the advantage in connection of kilns and grinding mills to continuously improve its operational efficiency. In adherence to the principle of "simplified organization and capable personnel", North Cement carried out "Four Reduction" comprehensively and minimized the number of management areas and administrative costs to increase its overall competitiveness. Through further implementation of the "Five C" management, it constantly optimized the centralized procurement system so that fuel and raw materials were purchased at much lower prices. It further improved the management of accounts receivable and "zero inventory" to reduce capital occupancy.

North Cement continued to expand its industrial chain and increased efforts in integration of mine and clinker logistics in an attempt to concrete its core profit-generating regions, which resulted in more discourse power on the market.

Southwest Cement

Southwest Cement firmly pressed ahead the "PCP" business ideology, optimized marketing structure and kept close eyes to key projects and key markets while reinforcing market exploration, customer maintenance and channel construction, thus steadily increased market share.

Southwest Cement comprehensively promoted deep management integration and proceeded with the integration of marketing organizations and the trial integration of production, supply, sales and finance in regional market. In the principle of "simplified organization and capable personnel", it optimized the "Three Formulations" work to further simplify the organizations and reduce personnel, and optimize the working procedures and position allocation. It strengthened benchmarking management and comprehensively pressed ahead centralized procurement to effectively reduce energy consumption and cost. Southwest Cement also improved the utilization of funds through centralized coordination and allocation of funds and continuous innovation in financing modes. Besides, it also strictly controlled management of accounts receivable, defined explicitly the relevant goals and responsibilities and enhanced benchmarking and appraisal. By reducing the inventory of raw materials and fuels, pressing ahead the procurement upon "zero inventory", organizing production on reasonable basis, it lowered the occupation of funds.

Southwest Cement enhanced the sustainable development capacity of the enterprise through continuously strengthening construction of core profit-generating regions and optimizing its industrial layout.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

Review of the Group's lightweight building materials business in the first half of 2015

BNBM optimized business operation, further intensified marketing, and advanced the "function oriented, specialty oriented, composite materials oriented, light board oriented, and thick board oriented" product strategy for its gypsum board business. It continuously consolidated and developed traditionally advantageous markets through channel distribution and customer promotion. Meanwhile, it devoted to expand household decoration, retail and innovative products markets.

Vigorously promoted deep management integration, BNBM further focused on optimization to reduce cost. By focusing on regions, its operation position was pushed forward. It also steadily enhanced its operation efficiency and market competitiveness by optimizing organizations and promoting market meticulous and precision. The costs and expenses were further reduced through fully implementation of the work of "Four Reduction".

BNBM steadily promoted the nationwide layout planning of 2.5 billion m^2. It devoted more efforts in product innovation, the energy saving and environment friendly new products such as "zero-formaldehyde" gypsum board were widely recognized in the market. It also strengthened research, development and promotion of the technology system for interior decoration industrialization products such as gypsums board composite wall.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

GLASS FIBER AND COMPOSITE MATERIALS SEGMENTS

Review of the Group's composite materials business in the first half of 2015

China Composites seized the continuous recovery in the wind power industry, adjusted and optimized its product structure, sped up the development of new customer groups, put more emphasis on exploring international markets, thus consolidated and enhanced its leading position in the industry. It further tapped into the key production technology and enhanced independent innovation capability. Being market demand oriented, it established and developed the customer-oriented product system. Meanwhile, it further accelerated the transformation and upgrading of the enterprise. With substantially completing the nationwide industry layout of MW-level rotor blades, it seized the technology prominent position by developing multiple types of new products including the slender-type rotor blades for low wind speed zones and the high-power rotor blades for offshore wind zones. The rotor blades of 68-meter, high-power rotor blades with world-leading technology and being the first one with core intellectual property rights in China, was successfully launched, which laid a foundation for the localization of rotor blades of offshore wind turbines.

China Composites proactively promoted the deep management integration, devoted more efforts to reduce the consumption of spare parts and energy, thus effectively improved quality and increased efficiency and further reinforced the management on trade receivables and minimized capital missappropriation.

Review of the Group's glass fiber business in the first half of 2015

Based on structural adjustment, China Jushi focused on adjustment of production structure and product structure, and continuously increased proportion of the high-end products, while maintaining the production of differentiated and specialized products, thus further enhancing its competitiveness. It continually improved sales service, proactively explored new markets and developing new customers while maintaining the existing markets and customer bases, so as to improve its profitability substantially. Leveraging on improvement of quality, China Jushi strengthened delicate management, and firmly pressed ahead the "unified sale, unified finance and unified procurement" to simplify organizations, improve efficiency, reduce cost and share resources. In addition, it continued to execute the "methods of increasing, saving and reducing", improved the production efficiency through innovation of technology and management, thus further consolidated its comparative cost advantages in the industry. It also promoted energy conservation and emission reduction through promotion of energy conservation technology, so as to reduce cost and increase efficiency.

China Jushi firmly implemented the "going out" strategy, it further pressed ahead the construction of Phase II of the glass fibre pool kiln wiredrawing production line with an annual capacity of 80,000 tonnes in Egypt, so as to optimize the global distribution of its production capacity. The product varieties will be further enriched upon the production line being put into operation, thus satisfying the demands in the European Union market. The glass fibre project in Egypt was included in key supported projects of NDRC "One Belt, One Road".

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW *(CONTINUED)*

ENGINEERING SERVICES SEGMENT

Review of the Group's engineering services segment in the first half of 2015

Based on the "One Belt, One Road" strategy, China Triumph sped up the layout of cement, glass and photovoltaic new energy. At the same time, it proactively promoted the international cooperation of production capacity, the Kazakhstan cement and photovoltaic power station project and the Indonesia industrial park project were both listed as key supported projects of NDRC "One Belt, One Road". In addition, it vigorously pressed ahead with the transformation and upgrading of the enterprise, accelerated the transformation of its products from ordinary float glass to high-end glass, strived to develop the energy conservation and environmental protection engineering business, and established along the entire industry chain from solar modules to distributed power stations and EPC for ground power stations. China Triumph has grown into the domestic and export high-end glass engineering technology market leader and international new energy EPC industry pacesetter. With technological innovation being enhanced continuously, the 0.2mm ultra-thin glass substrate, which was produced through the ultra-thin glass demonstration line, is the thinnest on record in the world. The costs and expenses saving plan were comprehensively advanced, while financing channels were actively expanded and more efforts were devoted in the work of "Four Reduction".

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Looking into the second half of 2015, the complicated economic environments are expected to remain at home and abroad while the "Three Period Superimposed" in China's economy will still exert impacts. Implementation of national strategies such as three main strategies including "One Belt, One Road", Beijing–Tianjin–Hebei synergetic development and the Yangtze River Economic Belt and four major sectors as well as "made in China 2025" promoted by China were speeded up, injecting new sources of motivation for continuous development of the national economy. To tackle the downward trend of the economy, the central government will continue to maintain the continuity and stability of its macroeconomic policy, advance the proactive fiscal policy and prudent monetary policy, enhance targeted regulation on the basis of range-based macro regulation, make anticipatory adjustments and fine-tuning on timely basis, and maintain a proper balance among ensuring steady growth, promoting reform, making structural adjustments, benefiting livelihood and preventing risks. By streamlining administration and decentralization, and relaxing restrictions on financing by local governments, the economic vitality will be further motivated. Construction of key projects accelerated including infrastructure and affordable housing, policy on elimination of low grade cement production was issued and energy saving and environmental protection measures mere implemented gradually, which will improve cement supply and demand significantly.

The Group will continue to persist in the principles of "integration and optimization, profit raising and gearing reduction", "preparation, meticulosity, refinement, solidity", "Four Execution & Four Control" and "Four Increase & Four Reduction", and "price stabilization, cost reduction, receivables collection and inventory control", and enhance the market competition and cooperation, promote staggering production and restricted production to save energy, so as to contribute to the healthy development of the market. The cost and expense saving plan will be implemented through carrying out deep management integration in a continuous manner. The Group will also accelerate transformation and upgrading, put more efforts in capital operation, and further explore new financing mode, thus effectively lowering the gearing ratio.

OUTLOOK FOR THE SECOND HALF OF THE YEAR *(CONTINUED)*

CEMENT SEGMENT

Insisting on the "PCP" business ideology, the cement segment of the Group will proactively cultivate high-level and meticulous co-opetition and serve as the initiator and practitioner of market competition and cooperation.With continuous progress in deep management integration, it will continue to optimize the organizational structure in the principle of "simplified organization and capable personnel"and strengthen "Five C" management, technical transformation and resources integration to practically reduce costs. In addition, accounts receivable management will be intensified to gradually improve the collection system. The Group will stick to the ideology of "zero inventory" management to ensure the decrease in inventories. New models of restructuring such as joint venture, leasehold and entrustment will be proactively adopted to continuously consolidate market share in the core profit-generating regions.

China United

China United will insist on the "PCP" business ideology, continue to promote self-discipline and refine the structure of sales, and place the focus on "increase cement, control clinker" to achieveprofit improvement. Further efforts will be made on strengthening benchmark management and the counselor system and increasing the scope of centralized procurement so as to achieve cost reduction and profit raising in an all-around way. The optimization of organizational structure will be continuously promoted to enhance management efficiency. Moreover, the capability of receivables recovery will be reinforced and a spare parts sharing mechanism will be established. It will also speed up the construction of intelligentized plant to proactively lead industry transformation and upgrading, and the construction of aggregate production line to exert the advantages of industrial chain.

South Cement

Further insisting on the "PCP" business ideology, South Cement will proactively promote regional production restriction, market integration, and management and control of clinker resources to maintain regional market stability. The organization and construction of small regional markets will be intensified and more efforts will be made on the development and service of key projects to increase core market share. In addition, procurement centralization, financial centralization, logistics management and benchmark management will be strengthened, striving to achieve cost reduction and profit raising. Furthermore, inventory management will be further intensified while the management and control over credit risk in relation to receivables of commercial concrete throughout the marketing process will be improved. Its competitiveness will be continuously enhanced through centering on the promotion of integration of mine resources and construction of aggregate base in the core profit-generating regions.

OUTLOOK FOR THE SECOND HALF OF THE YEAR *(CONTINUED)*

CEMENT SEGMENT *(CONTINUED)*

North Cement

North Cement will firmly adhere to the "PCP" business ideology. More efforts will be made on market development and developing rural market, far eastern market and commercial concrete market. It will strengthen "Five C" management and delicacy management, intensify benchmark optimization and centralized procurement, striving to achieve benefit maximization of regional market. Besides, it will continue to strengthen receivables management and advance "zero inventory" management. New restructuring models such as equity-participation, leasehold and entrustment will be propelled. It will also carry out "integration"of commercial concrete industry to drive the extension of industrial chain.

Southwest Cement

Through resolutely implementing the "PCP" business ideology, Southwest Cement will promote regional centralized marketing and high-level marketing and strengthen key project service and supply guarantee, striving to increase the share of key project. In-depth management integration will be propelled and the focus will be placed on the management of coal supply. Furthermore, receivables management will be further intensified, and "zero inventory" will be proactively implemented to improve efficiency in capital utilization. It will also optimize the construction of core profit-generating regions and explore new models including co-marketing to continuously increase the share in regional market.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

With the focus placed on market, BNBM will deepen its focusing strategy, vigorously develop main business and comprehensively strengthen marketing capability. Meanwhile, it will strengthen management enhancement, deepen management integration and further reduce cost and increase efficiency. More efforts will be made on innovation to accelerate product innovation and technological innovation so as to enhance business competitiveness and profitability.

OUTLOOK FOR THE SECOND HALF OF THE YEAR *(CONTINUED)*

GLASS FIBER AND COMPOSITE MATERIALS SEGMENTS

Composite materials business

While place the focus on large projects, China Composites will vigorously maintain big customers and proactively develop new customers to enlarge market share and stably promote profitability. Meanwhile, it will promote management enhancement, strengthen receivables management and increase collection efforts. In addition, the cost and expense saving plan will be comprehensively implemented to realize cost reduction and profit raising.

Glass fiber business

China Fiberglass will adjust the product structure and strengthen production-marketing coordination. It will enhance direct selling ratio and place the focus on important markets, important customers and important products. It will promote technology and management innovation, speed up the progress of automation and improve production efficiency. The work of increasing, saving and reducing will be further promoted to continuously achieve cost reduction and profit raising.

ENGINEERING SERVICES SEGMENT

Centering on the “One Belt, One Road” strategy, China Triumph will increase market development efforts and proactively integrate into new industries. While strengthening deep management integration, it will deeply promote the work of “four reduction”, and strengthen technological innovation and business model innovation to promote transformation and upgrading of enterprises.

FINANCIAL REVIEW

The unaudited revenue of the Group decreased 13.3% from RMB55,780.7 million for the six months ended 30 June 2014 to RMB48,339.1 million for the six months ended 30 June 2015. Unaudited profit attributable to equity holders decreased by 56.0% from RMB1,797.8 million for the six months ended 30 June 2014 to RMB791.6 million for the six months ended 30 June 2015.

REVENUE

Our revenue for the six months ended 30 June 2015 amounted to RMB48,339.1 million, representing a decrease of 13.3% from RMB55,780.7 million for the six months ended 30 June 2014. This was primarily due to that the revenue of China United decreased by RMB3,654.3 million, the revenue of South Cement decreased by RMB3,421.8 million, the revenue of Southwest Cement decreased by RMB716.8 million, the revenue of North Cement decreased by RMB316.3 million, the revenue from the lightweight building materials segment decreased by RMB151.9 million, partially offset by an increase of RMB458.0 million in the revenue from the glass fiber and composite materials segments and an increase of RMB137.1 million in the revenue of the engineering services segment.

FINANCIAL REVIEW *(CONTINUED)*

COST OF SALES

Our cost of sales for the six months ended 30 June 2015 amounted to RMB36,450.6 million, representing a decrease of 10.8% from RMB40,882.9 million for the six months ended 30 June 2014. This was primarily due to that the cost of sales of South Cement decreased by RMB2,514.1 million, the cost of sales of China United decreased by RMB2,107.6 million, the cost of sales of Southwest Cement decreased by RMB376.7 million, the cost of sales of the lightweight building materials segment decreased by RMB97.0 million and cost of sales of North Cement decreased by RMB37.4 million, partially offset by an increase of RMB357.9 million in the cost of sales of the glass fiber and composite materials segment and an increase of RMB119.7 million in cost of sales of the engineering services segment.

OTHER INCOME

Other income of the Group increased by 123.5% to RMB3,694.1 million for the six months ended 30 June 2015 from RMB1,652.6 million for the six months ended 30 June 2014. This was primarily due to the increase in the net gain from the changes in the fair value of financial assets recognized at fair value through profit or loss from RMB-14.4 million for the six months ended 30 June 2014 to RMB1,429.0 million for the six months ended 30 June 2015.

SELLING AND DISTRIBUTION COSTS

Selling and distribution costs increased by 5.4% to RMB3,165.1 million for the six months ended 30 June 2015 from RMB3,004.1 million for the six months ended 30 June 2014. This was primarily due to an increase of RMB136.4 million in transportation costs and an increase of RMB57.6 million in packaging fees.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 6.4% to RMB4,711.6 million for the six months ended 30 June 2015 from RMB4,429.0 million for the six months ended 30 June 2014. This was primarily due to the increase of RMB58.6 million in depreciation and amortisation of intangible assets, the increase of RMB41.5 million in research and development expenses and the increase of RMB40.2 million in tax (mainly including property tax, land use tax and vehicle and vessel taxes).

FINANCE COSTS

Finance costs decreased by 2.7% to RMB5,251.9 million for the six months ended 30 June 2015 from RMB5,397.0 million for the six months ended 30 June 2014, due to the decrease in the average interest rates in borrowings of the Group.

FINANCIAL REVIEW (CONTINUED)

SHARE OF PROFIT OF ASSOCIATES

The Group's share of profit of associates decreased by 71.2% to RMB95.7 million for the six months ended 30 June 2015 from RMB332.3 million for the six months ended 30 June 2014, primarily due to a decrease in profits of our associated companies in the cement segment.

INCOME TAX EXPENSE

Income tax expense decreased by 16.3% to RMB982.4 million for the six months ended 30 June 2015 from RMB1,174.2 million for the six months ended 30 June 2014, primarily due to the decrease in profit before taxation.

NON-CONTROLLING INTERESTS

Non-controlling interests decreased by 41.4% to RMB633.3 million for the six months ended 30 June 2015 from RMB1,080.6 million for the six months ended 30 June 2014. This was primarily due to the decrease in operating profit in the cement segment, the lightweight building materials segment and the engineering services segment of the Group.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit attributable to equity holders of the Company decreased by 56.0% to RMB791.6 million for the six months ended 30 June 2015 from RMB1,797.8 million for the six months ended 30 June 2014. Net profit margin decreased to 1.6% for the six months ended 30 June 2015 from 3.2% for the six months ended 30 June 2014.

CHINA UNITED

Revenue

Revenue of China United decreased by 27.9% to RMB9,455.8 million for the six months ended 30 June 2015 from RMB13,110.0 million for the six months ended 30 June 2014, mainly attributable to the decrease in the average selling price and sales volume of cement products and commercial concrete.

Cost of sales

Cost of sales of China United decreased by 22.1% to RMB7,408.2 million for the six months ended 30 June 2015 from RMB9,515.8 million for the six months ended 30 June 2014, mainly attributable to the decrease in the sales volume of cement products and commercial concrete and the decrease in the coal prices.

FINANCIAL REVIEW *(CONTINUED)*

CHINA UNITED *(CONTINUED)*

Gross profit and gross profit margin

Gross profit of China United decreased by 43.0% to RMB2,047.6 million for the six months ended 30 June 2015 from RMB3,594.2 million for the six months ended 30 June 2014. Gross profit margin of China United decreased from 27.4% for the six months ended 30 June 2014 to 21.7% for the six months ended 30 June 2015. The decrease in gross profit margin was mainly due to the decrease in the average selling price of cement products and commercial concrete, partially offset by the decrease in the coal prices.

Operating profit

Operating profit of China United decreased by 26.8% to RMB1,556.9 million for the six months ended 30 June 2015 from RMB2,127.5 million for the six months ended 30 June 2014. Operating profit margin of China United increased from 16.2% for the six months ended 30 June 2014 to 16.5% for the six months ended 30 June 2015. The increase in operating profit margin was primarily due to the increase in the net gain from the changes in the fair value of financial assets recognized at fair value through profit or loss and the refund of value-added tax, partially offset by the decrease in gross profit margin.

SOUTH CEMENT

Revenue

Revenue of South Cement decreased by 16.2% to RMB17,666.5 million for the six months ended 30 June 2015 from RMB21,088.3 million for the six months ended 30 June 2014, mainly attributable to the decrease in the average selling price of cement products and the decrease in the sales volume of cement products and commercial concrete, partially offset by the increase in the selling price of commercial concrete.

Cost of sales

Cost of sales of South Cement decreased by 15.7% to RMB13,466.9 million for the six months ended 30 June 2015 from RMB15,981.0 million for the six months ended 30 June 2014, mainly attributable to the decrease in the sales volume of cement products and commercial concrete and the decrease in the coal prices.

Gross profit and gross profit margin

Gross profit of South Cement decreased by 17.8% to RMB4,199.6 million for the six months ended 30 June 2015 from RMB5,107.3 million for the six months ended 30 June 2014. Gross profit margin of South Cement decreased from 24.2% for the six months ended 30 June 2014 to 23.8% for the six months ended 30 June 2015. This was mainly attributable to the decrease in the average selling price of cement products, partially offset by the increase in the selling price of commercial concrete and the decrease in the coal prices.

FINANCIAL REVIEW *(CONTINUED)*

SOUTH CEMENT *(CONTINUED)*

Operating profit

Operating profit of South Cement decreased by 24.2% to RMB2,244.5 million for the six months ended 30 June 2015 from RMB2,961.2 million for the six months ended 30 June 2014. Operating profit margin for the South Cement decreased from 14.0% for the six months ended 30 June 2014 to 12.7% for the six months ended 30 June 2015. This was primarily due to the decrease in the gross profit margin and the increase in the packaging fees.

NORTH CEMENT

Acquisition of subsidiaries

North Cement has acquired 22 subsidiaries from 30 June 2014 onwards. Operating results of the above 22 companies were consolidated into the operating results of North Cement for the six months ended 30 June 2015, but excluded from the operating results for the six months ended 30 June 2014.

The following table sets out the revenue, cost of sales, gross profit and operating profit of the abovementioned 22 companies for the six months ended 30 June 2015 and their respective percentage in North Cement.

	RMB in millions	**Percentage in North Cement**
Revenue	352.1	14.3
Cost of sales	280.6	15.8
Gross profit	71.5	10.5
Operating profit	1.7	0.2

Save as the reasons stated below, changes in the operating results of North Cement for the six months ended 30 June 2015 as compared with the six months ended 30 June 2014 were also due to the inclusion of the operating results of the abovementioned newly acquired subsidiaries.

Revenue

Revenue of North Cement decreased by 11.4% to RMB2,460.9 million for the six months ended 30 June 2015 from RMB2,777.2 million for the six months ended 30 June 2014, mainly attributable to the decrease in the average selling price of cement products and commercial concrete and the decrease in the sales volume of the cement products, partially offset by the increase in the sales volume of commercial concrete.

FINANCIAL REVIEW *(CONTINUED)*

NORTH CEMENT *(CONTINUED)*

Cost of sales

Cost of sales of North Cement decreased by 2.1% to RMB1,778.7 million for the six months ended 30 June 2015 from RMB1,816.1 million for the six months ended 30 June 2014, mainly attributable to the decrease in the sales volume of cement products and the decrease in the coal prices, partially offset by the increase in the sales volume of commercial concrete.

Gross profit and gross profit margin

Gross profit of North Cement decreased by 29.0% to RMB682.2 million for the six months ended 30 June 2015 from RMB961.1 million for the six months ended 30 June 2014. Gross profit margin of North Cement decreased from 34.6% for the six months ended 30 June 2014 to 27.7% for the six months ended 30 June 2015, mainly owing to the decrease in the average selling price of cement products and commercial concrete, partially offset by the decrease in the coal prices.

Operating profit

Operating profit of North Cement increased by 78.2% to RMB962.6 million for the six months ended 30 June 2015 from RMB540.1 million for the six months ended 30 June 2014. Operating profit margin of North Cement increased from 19.4% for the six months ended 30 June 2014 to 39.1% for the six months ended 30 June 2015, primarily due to the increase in the net gain from the changes in the fair value of financial assets recognized at fair value through profit or loss, partially offset by the decrease in gross profit margin.

SOUTHWEST CEMENT

Revenue

Revenue of Southwest Cement decreased by 7.1% to RMB9,436.4 million for the six months ended 30 June 2015 from RMB10,153.3 million for the six months ended 30 June 2014, mainly attributable to the decrease in the average selling price of cement products and commercial concrete and the decrease in the sales volume of commercial concrete, partially offset by the increase in the sales volume of cement products.

Cost of sales

Cost of sales of Southwest Cement decreased by 5.3% to RMB6,674.8 million for the six months ended 30 June 2015 from RMB7,051.6 million for the six months ended 30 June 2014, mainly attributable to the decrease in the sales volume of commercial concrete and the decrease in the coal prices, partially offset by the increase in the sales volume of cement products.

FINANCIAL REVIEW *(CONTINUED)*

SOUTHWEST CEMENT *(CONTINUED)*

Gross profit and gross profit margin

Gross profit of Southwest Cement decreased by 11.0% to RMB2,761.6 million for the six months ended 30 June 2015 from RMB3,101.7 million for the six months ended 30 June 2014. Gross profit margin of Southwest Cement decreased from 30.5% for the six months ended 30 June 2014 to 29.3% for the six months ended 30 June 2015, mainly owing to the decrease in the average selling price of cement products and commercial concrete, partially offset by the decrease in the coal prices.

Operating profit

Operating profit of Southwest Cement decreased by 25.7% to RMB1,564.7 million for the six months ended 30 June 2015 from RMB2,104.5 million for the six months ended 30 June 2014. Operating profit margin of the Southwest Cement decreased from 20.7% for the six months ended 30 June 2014 to 16.6% for the six months ended 30 June 2015, primarily due to the increase in the packaging fees and the decrease in the gross profit margin.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

Revenue

Revenue from the lightweight building materials segment decreased by 4.3% to RMB3,393.0 million for the six months ended 30 June 2015 from RMB3,544.9 million for the six months ended 30 June 2014. This was mainly attributable to the decrease in the selling price of gypsum boards, partially offset by the increase in the sales volume of gypsum boards, our main product.

Cost of sales

Cost of sales for the lightweight building materials segment decreased by 3.6% to RMB2,579.1 million for the six months ended 30 June 2015 from RMB2,676.1 million for the six months ended 30 June 2014. This was mainly due to the decrease in the coal prices, partially offset by the increase in the sales volume of gypsum boards, our main product.

Gross profit and gross profit margin

Gross profit from the lightweight building materials segment decreased by 6.3% to RMB813.9 million for the six months ended 30 June 2015 from RMB868.8 million for the six months ended 30 June 2014. Gross profit margin of the lightweight building material segment decreased to 24.0% for the six months ended 30 June 2015 from 24.5% for the six months ended 30 June 2014, mainly attributable to the decrease in the prices of gypsum boards, partially offset by the decrease in the coal prices.

FINANCIAL REVIEW *(CONTINUED)*

LIGHTWEIGHT BUILDING MATERIALS SEGMENT *(CONTINUED)*

Operating profit

Operating profit from the lightweight building materials segment decreased by 10.5% to RMB681.5 million for the six months ended 30 June 2015 from RMB761.3 million for the six months ended 30 June 2014. Operating profit margin of the segment decreased from 21.5% for the six months ended 30 June 2014 to 20.1% for the six months ended 30 June 2015, which was principally due to the increase in research and development expenses and the decrease in gross profit margin.

GLASS FIBER AND COMPOSITE MATERIALS SEGMENTS

Revenue

Revenue from the glass fiber and composite materials segment increased by 43.8% to RMB1,504.2 million for the six months ended 30 June 2015 from RMB1,046.2 million for the six months ended 30 June 2014, which was primarily due to an increase of RMB530.7 million in revenue from FRP pipes, tank business and rotor blades and an increase of RMB8.7 million in shipping business, partially offset by the decrease of revenue in flooring business.

Cost of sales

The cost of sales for the glass fiber and composite materials segment increased by 45.9% to RMB1,138.0 million for the six months ended 30 June 2015 from RMB780.1 million for the six months ended 30 June 2014. The increase was primarily due to an increase of RMB431.1 million in the cost of FRP pipes, tank business and rotor blades, and an increase of RMB7.3 million in the cost of shipping business, partially offset by the decrease in the cost of flooring business.

Gross profit and gross profit margin

Gross profit from the glass fiber and composite materials segment increased by 37.6% to RMB366.2 million for the six months ended 30 June 2015 from RMB266.1 million for the six months ended 30 June 2014. Gross profit margin of the glass fiber and composite materials segment decreased to 24.3% for the six months ended 30 June 2015 from 25.4% for the six months ended 30 June 2014. The decrease in gross profit margin was mainly attributable to the decrease in the gross profit margin of FRP pipes, tanks and rotor blades.

Operating profit

Operating profit from the glass fiber and composite materials segment increased by 77.1% to RMB197.9 million for the six months ended 30 June 2015 from RMB111.7 million for the six months ended 30 June 2014. The operating profit margin of such segment increased to 13.2% for the six months ended 30 June 2015 from 10.7% for the six months ended 30 June 2014. The increase in operating profit margin was primarily due to the decrease in the transportation costs and exhibition costs in the period, partially offset by the decrease in the gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

ENGINEERING SERVICES SEGMENT

Revenue

Revenue from the engineering services segment increased by 4.6% to RMB3,119.6 million for the six months ended 30 June 2015 from RMB2,982.5 million for the six months ended 30 June 2014, which was mainly attributable to the increase in completed construction services in the period.

Cost of sales

Cost of sales for the engineering services segment increased by 5.4% to RMB2,337.2 million for the six months ended 30 June 2015 from RMB2,217.5 million for the six months ended 30 June 2014. This was primarily due to the increase in completed construction services in the period.

Gross profit and gross profit margin

Gross profit from the engineering services segment increased by 2.3% to RMB782.4 million for the six months ended 30 June 2015 from RMB765.1 million for the six months ended 30 June 2014. The gross profit margin of the engineering and service segment decreased to 25.1% for the six months ended 30 June 2015 from 25.7% for the six months ended 30 June 2014, which was primarily due to the decrease in gross profit margin of EPC projects.

Operating profit

Operating profit from the engineering services segment decreased by 18.3% to RMB425.8 million for the six months ended 30 June 2015 from RMB520.9 million for the six months ended 30 June 2014. Operating profit margin of this segment decreased to 13.6% for the six months ended 30 June 2015 from 17.5% for the six months ended 30 June 2014, which was mainly due to the decrease in gross profit margin and the decrease in discount on acquisition of interests in subsidiaries.

FINANCIAL REVIEW *(CONTINUED)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had unused banking facilities and bonds, which were registered but not yet issued, of approximately RMB112,185.6 million in total.

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

	As at 30 June 2015	As at 31 December 2014
	(RMB in millions)	
Bank loans	**190,089.6**	177,023.7
Other borrowings from non-financial institutions	**–**	–
Total	**190,089.6**	177,023.7

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

	As at 30 June 2015	As at 31 December 2014
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**162,035.5**	139,292.6
Between one and two years	**19,340.2**	24,351.5
Between two and three years	**5,577.4**	6,719.4
Between three and five years (inclusive of both years)	**2,827.0**	5,019.9
Over five years	**309.5**	1,640.3
Total	**190,089.6**	177,023.7

As at 30 June 2015, bank loans in the total amount of RMB3,703.5 million were secured by assets of the Group with a total carrying value of RMB17,930.5 million.

As at 30 June 2015 and 31 December 2014, we had a debt-to-asset ratio, calculated by dividing our consolidated borrowings by our total consolidated assets, of 56.3% and 55.9%, respectively.

FINANCIAL REVIEW *(CONTINUED)*

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

No 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.

CAPITAL COMMITMENTS

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

	As at 30 June 2015	As at 31 December 2014
	(RMB in millions)	
Capital expenditure of the Company in respect of acquisition of property, plant and equipment (contracted but not provided for)	**49.2**	166.9
Capital expenditure of the Company in respect of prepaid lease payments (contracted but not provided for)	**–**	12.4

FINANCIAL REVIEW *(CONTINUED)*

CAPITAL EXPENDITURES

The following table sets out our capital expenditures for the six months ended 30 June 2015 by segment:

	For the six months ended 30 June 2015	
	(RMB million)	*% of the total*
Cement	**3,534.2**	**74.1**
Including: China United	**1,141.3**	**24.0**
South Cement	**1,259.6**	**26.4**
North Cement	**130.4**	**2.7**
Southwest Cement	**992.4**	**20.8**
Commercial concrete	**169.6**	**3.6**
Including: China United	**93.3**	**2.0**
South Cement	**61.6**	**1.3**
North Cement	**6.8**	**0.1**
Southwest Cement	**5.4**	**0.1**
Lightweight building materials	**504.4**	**10.6**
Glass fiber and composite materials	**152.1**	**3.2**
Engineering services	**116.6**	**2.4**
Others	**289.1**	**6.1**
Total	**4,766.0**	**100.0**

CASH FLOW FROM OPERATING ACTIVITIES

For the six months ended 30 June 2015, our net cash inflow generated from operating activities was RMB3,692.7 million. Such net cash inflow was primarily due to RMB10,138.9 million of cash flow from operating activities before the change in working capital and the increase of RMB6,304.3 million in amounts due to related parties, yet partially offset mainly due to an increase of RMB11,930.7 million in trade and other receivables.

CASH FLOW FROM INVESTING ACTIVITIES

For the six months ended 30 June 2015, net cash outflow from investing activities of the Group was RMB5,184.1 million, which was primarily due to an expenditure for payment for deposits paid of RMB7,177.6 million, the purchase of property, plant and equipment amounting to RMB2,982.5 million.

CASH FLOW FROM FINANCING ACTIVITIES

For the six months ended 30 June 2015, we had a net cash inflow from financing activities amounting to RMB9,193.7 million, primarily attributable to a total of RMB111,118.5 million in new borrowings, partially offset by RMB94,798.5 million for repayment of borrowings.

FINAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

At the annual general meeting of the Company held on 22 May 2015, the Company declared a final dividend of RMB890,839,333.23 in total (pre-tax) for the period from 1 January 2014 to 31 December 2014 for the Shareholders whose names appeared on the register of members of the Company on 3 June 2015, representing RMB0.165 per share (pre-tax).

INTERIM DIVIDEND

The Board did not recommend payment of any interim dividend for the six months ended 30 June 2015.

MATERIAL TRANSACTIONS

The Company did not have any material transactions during the reporting period.

CONNECTED TRANSACTIONS

Partially Exempted Continuing Connected Transactions

Particulars of connected transactions are set out in Note 27 to the interim financial statements. The Company had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. For details of such continuing connected transactions and relevant exemptions, please refer to the Company's announcement on continuing connected transactions dated 27 December 2013 and the Company's 2013 annual report, 2014 interim report and annual report.

Transactions with Parent Group

For the six months ended 30 June 2015, the Group's income from its supply of products and services to the Parent Group amounted to approximately RMB495.2 million, representing approximately 1.0% of the total revenue of the Group for the same period. The Group's expenses incurred from its receipt of products and services from the Parent Group amounted to RMB86.0 million, representing approximately 0.2% of its total cost of sales for the same period.

Master Agreement on Sale of Products between North Cement and Jingang Group

As Jingang Group holds a 21.25% voting equity interest in North Cement, and North Cement is a subsidiary of the Company, Jingang Group is a connected person of the Company pursuant to the Listing Rules.

For the six months ended 30 June 2015, the Group had no income from its supply of products (including ultra-fine powder/slag, clinker and cement) to Jingang Group and its subsidiaries.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2015, the Company complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules except for Code Provision 4.2. All the Directors last elected on 15 November 2011 were subject to retirement by rotation by 15 November 2014, according to Code Provision 4.2 which states that every director should be subject to retirement by rotation at least once every three years. Ms. Cui Lijun, Mr. Qiao Longde, Mr. Li Decheng and Mr. Ma Zhongzhi retired and were replaced by new Directors in October 2014. As this process involves the entire Board such that many factors have to be considered in ensuring the smooth continuation of the senior management of the Company, the Company has not yet completed the above process with regard to the rest of the Board.

SPECIAL COMMITTEES UNDER THE BOARD

THE STRATEGIC STEERING COMMITTEE

The Company has established a strategic steering committee which comprises three Directors, including two executive Directors and one independent non-executive Director. The strategic steering committee is responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organisation development proposals, major investing and financing plans and other material matters that will affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investing plans under the authorisation of the Board; and making recommendations to the Board. During the Reporting Period, the strategic steering committee has reviewed the operation of the Company in 2014 and proposals relating to the working arrangement in 2015.

NOMINATION COMMITTEE

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

SPECIAL COMMITTEES UNDER THE BOARD *(CONTINUED)*

REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE

The Company has established a remuneration and performance appraisal committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the remuneration and performance appraisal committee are in compliance with the provisions of the Code. The remuneration and performance appraisal committee is responsible for recommending the specific remuneration and reviewing the performance of the Directors and senior management, based on the remuneration and performance appraisal management policies and framework pertaining to Directors and senior management which have been formulated by the Board. During the Reporting Period, the remuneration and performance appraisal committee has considered the remuneration for senior management for 2014.

AUDIT COMMITTEE

The Company has established the audit committee which comprises three Directors, including one independent non-executive Director and two independent non-executive Directors with appropriate professional qualification and accounting and related financial management experience. The terms of reference adopted by the audit committee are in compliance with the provisions of the Code. The principal duties of the audit committee include reviewing the Company's external auditors of the Company and their work, the Company's financial reporting procedures, internal control and risk management, and formulating and reviewing the corporate governance policy and its practice and disclosure. As at the date of this report, the audit committee has reviewed the internal audit work in 2014, the working plan in 2015, the appointment of auditors in 2015, determination of the expense on audit in 2014, 2014 annual report and the 2015 interim report of the Company.

INTERNAL CONTROL

In order to properly master its strategic direction, refine its daily management and tighten the control over risk exposures, the Company has devoted continuous effort to build up structural risk management system and further refined and regulated the internal control. In the ordinary course of business management, each department performs internal control function by setting up review procedures in the first place, with compliance support provided by specialized departments (e.g. the legal department, etc.), so as to identify, validate, manage and report risks; thereby achieving a comprehensive risk control process; while in the course of making major strategic decisions, the Board strives to achieve effective risk assessment realising a balance between risks and returns through the improvement of a series of internal management systems and determination of strategic plan in compliance with laws and regulations, and includes the implementation of specific decisions within the scope of its long-term supervision and feedback, so as to enhance the quality and efficiency of such decisions in its long term. The Audit Committee under the Board will assess and regulate the internal control system of the Company on a regular basis to ensure the sustainable, healthy and rapid development of the Company.

In accordance with code provision C.2.1 under the Code, the Directors have also reviewed the effectiveness of the internal control system of the Company and its subsidiaries, which covered financial control, operation control, compliance control and risk management function control.

MODEL CODE

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

SHARE CAPITAL STRUCTURE

	As at 30 June 2015	
	Number of shares	**Percentage of issued share capital**
Domestic Shares	**2,519,854,366**	**46.67%**
H Shares	**2,879,171,896**	**53.33%**
Total share capital	**5,399,026,262**	**100%**

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

For the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company ("securities" shall have the meaning as defined in the Listing Rules).

MATERIAL LITIGATION AND ARBITRATION

For the six months ended 30 June 2015, save for the gypsum board litigation in the United States (the "US") as disclosed below, the Group was not involved in any litigation and arbitration which might have a significant impact on the Group's production and operation, nor were any of the directors, supervisors and senior management of the Group involved in any material litigation.

MATERIAL LITIGATION AND ARBITRATION *(CONTINUED)*

References are made to the Company's announcements dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015 in relation to the developments in the gypsum board litigation in the US. The motions made by Taishan Gypsum in respect of some of the gypsum board cases in the US to vacate the default judgment and the preliminary entry of the default order and to dismiss legal action on the ground that the US courts did not have personal jurisdiction had been dismissed. Taishan Gypsum did not agree that the US courts have jurisdiction and objected to the substantive disputes being heard by a court without jurisdiction, it has decided not to continue to participate in any gypsum board litigation brought against it in the US courts. As a result of Taishan Gypsum's failure to participate in a Judgment Debtor Examination held in the United States District Court of Eastern District of Louisiana (the "US District Court"), the US District Court held Taishan Gypsum in contempt of court imposing certain injunction on it and its affiliates (the "Contempt Order"). The Company has been informed by BNBM that Taishan Gypsum has subsequently engaged PRC and US lawyers to represent Taishan Gypsum to participate in the gypsum board litigation and defend in order to protect the interest of Taishan Gypsum.Taishan Gypsum has applied to the US District Court for the discharge of the Contempt Order. As Taishan Gypsym would only be allowed to participate in the litigation and defend its cases after the Contempt Order has been dismissed, Taishan Gypsum has paid the US District Court the penalty for contempt of court in the sum of US$40, 000 and agreed to pay the plaintiff's attorney's fees in the sum of US$15, 000.Furthermore, as the basis for the US District Court's Contempt Order was the non-participation by Taishan Gypsum in the Judgment Debtor Examination meeting following the default judgment in the Germano case, Taishan Gypsum has also agreed to pay US$2,758,356.52 under the default judgment in the Germano case together with interest accrued from May 2010. In addition, the Judicial Circuit of Virginia in the U.S. has entered a default judgment in a case brought by Dragas against Taishan Gypsum, pursuant to which Taishan Gypsum shall make a compensation of US$4,009,892.43, an interest of US$96,806.57 before judgment and an interest accrued since June 2013. During the reporting period, Taishan Gypsum entered into a settlement agreement with Dragas in respect of this case and made a settlement payment of US$4,000,000 to Dragas. The case was concluded. Taishan Gypsum has stated that its agreement to make the above payments is not to be taken as its acceptance of the content of the default judgment in the aforesaid cases, and that the taking of such steps was simply to enable it to apply for the discharge of or to avoid the Contempt Order and to participate in and defend the litigation of gypsum board cases after such discharge.

Separately, service of the summons in respect of the civil action initiated by Eduardo and Carmen Amorin individually and on behalf of all others similarly situated plaintiffs (the "Amorin Case") from the US District Court has been made on the Company through Beijing Supreme People's Court in China. The plaintiffs in the Amorin Case claimed damages of more than US$1,500 million against the defendants which included, among others, the Company, BNBM and Taishan Gypsum. In the light of the developments in the litigation, each of the Company and BNBM has engaged PRC and US lawyers respectively, who would represent the Company and BNBM respectively to participate in the gypsum board litigation and defend in order to protect the respective interest of the Company and BNBM. It is difficult to ascertain accurately the potential impact of the US gypsum board litigation on the Company. For details on this litigation, please refer to the announcements of the Company dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015.The Company will continue to monitor the progress of the US gypsum board litigation and will make further announcements if and when necessary in accordance with the regulatory requirements.

IMMATERIAL LITIGATION

In respect of immaterial litigation, the Company issued a voluntary announcement in relation to the completion of the subscription of the shares of Shanshui Cement and the relevant legal proceedings on 3 November 2014 and another voluntary announcement in relation to the update on legal proceedings on 26 January 2015, stating:a statement of claim was served on various defendants, including Shanshui Cement, the Company and other parties, through the Court by six individual minority shareholders (the plaintiffs) of China Shanshui Investment Company Limited (a controlling shareholder of Shanshui Cement) on 23 January 2015. According to the statement of claim, the plaintiffs sought, amongst other reliefs, an order that the Subscription Agreement entered into between the Company and Shanshui Cement on 27 October 2014 and the relevant subscription of shares in Shanshui Cement by the Company be set aside. The above case was discontinued on 12 August 2015 on application by the plaintiffs and agreed by the defendants. For details on this litigation, please refer to the announcements dated 3 November 2014 and 26 January 2015.

Regarding another immaterial litigation, the Company issued a voluntary announcement on a litigation involving the Company and its subsidiaries on 29 January 2015, stating: certain creditors of Sichuan Zizhong Dongfanghong Cement Company Limited ("Dongfanghong") have initiated a total of 135 court proceedings against Dongfanghong, Zizhong Southwest, Southwest Cement and the Company (of which the Company is a plaintiff in some proceedings) involving a total amount of approximately RMB285 million. Zizhong Southwest and Southwest Cement have already settled the judgment debts, amounting to approximately RMB80 million in aggregate, in respect of some of the judgments made by the relevant court. Zizhong Southwest and Southwest Cement have, in respect of one of the judgments given by the Sichuan Higher People's Court (四川省高級人民法院), applied to the Supreme People's Court of the PRC for a retrial and have received an acceptance notice from the same court on 9 January 2015. Zizhong Southwest and Southwest Cement have initiated court and arbitration proceedings against Dongfanghong and its shareholders to recover its losses suffered as a result of the proceedings. For details on this litigation, please refer to the announcement of the Company dated 29 January 2015. The Company will continue to monitor the progress of the proceedings and will make further announcements if and when necessary.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group had approximately 135,666 employees.

The remuneration package of the Company's employees includes salary, bonuses and allowances. In accordance with relevant national and local labor 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.

SHARE APPRECIATION RIGHTS PLAN

In order to provide additional incentives to the Group's senior management and to enhance the alignment between the performance of the Group's senior management and shareholders' value, on 28 February 2006, the Company adopted a long-term incentive plan of share appreciation rights for the Group's senior management officers, senior experts and specialist who make important contributions to the Group.

Under the plan, share appreciation rights ("SA Rights") represent the rights to receive a cash payment equal to the appreciation, if any, in the fair market value of an H Share from the date of the grant of the rights to the date of exercise.

SA Rights will be granted in units with each unit representing one H Share. All SA Rights will have an exercise period of six years from the date of grant. An individual may not exercise his or her SA Rights during the first two years after the date of grant. After two and three years of the date of grant, the total number of SA Rights exercised by an individual shall not in aggregate exceed one-third and two-thirds, respectively, of the total SA Rights granted to the individual. After four years of the date of grant, the SA Rights will be fully vested.

The SA Rights vest at different amounts until the grantee has completed a specified period of service.

During the Reporting Period, there were no outstanding SA Rights and no SA Rights were granted.

According to Guo Zi Fa Fen Pei [2006] No.8, "Trial Method for Share Incentive Scheme of State-controlled Listed Company (Overseas)", the compensation should not exceed 40% of personal total salary and bonus.

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (INCLUDING DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS)

I. Substantial shareholders and persons who have an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as was known to the Directors or the Supervisors of the Company, as at 30 June 2015, the Shareholders (other than the Directors, the chief executive or the Supervisors of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified the Company were as follows:

Name of Substantial Shareholder	Class of Shares	Long/short position/ Lending Pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital (%)[1, 6]	Percentage of total share capital (%)[1, 6]
Parent	Domestic Shares	Long	Beneficial owner	666,962,522			
	Domestic Shares	Long	Interest of controlled corporation	1,714,459,536			
				2,381,422,058	2, 3	94.50	44.10
BNBMG	Domestic Shares	Long	Beneficial owner	1,485,566,956	2	58.95	27.52
CNBM Trading	Domestic Shares	Long	Beneficial owner	227,719,530	2	9.04	4.22
Cinda	Domestic Shares	Long	Beneficial owner	138,432,308	3	5.49	2.56
JPMorgan Chase & Co.	H Shares	Long	Beneficial owner	74,738,597			
	H Shares	Long	Investment manager	18,706,000			
	H Shares	Long	Custodian	107,331,131			
				200,775,728	4	6.97	3.71
	H Shares	Short	Beneficial owner	14,089,922	4	0.48	0.26
	H Shares	Lending Pool	–	107,331,131	4	3.72	1.98
BlackRock, Inc.	H Shares	Long	Interest of controlled corporation	147,702,217	5	5.13	2.73
	H Shares	Short	Interest of controlled corporation	4,404,000	5	0.15	0.08

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (INCLUDING DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS) *(CONTINUED)*

I. Substantial shareholders and persons who have an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO *(Continued)*

Notes:

1. As at 30 June 2015, the Company's total issued share capital comprises 5,399,026,262 shares, including 2,519,854,366 Domestic Shares and 2,879,171,896 H Shares.

2. Of these 2,381,422,058 shares, 666,962,522 shares are directly held by the Parent, the remaining 1,714,459,536 shares are deemed corporate interest indirectly held through BNBMG, CNBM Trading and Building Materials Academy. CNBM Trading and Building Materials Academy are wholly-owned subsidiaries of the Parent. BNBMG is a subsidiary of the Parent which directly and indirectly holds 100% of its equity interests, of which 70.04% is directly held and 29.96% is indirectly held through CNBM Trading. Under the SFO, the Parent is deemed to own the shares directly held by BNBMG (1,485,566,956 shares), CNBM Trading (227,719,530 shares) and Building Materials Academy (1,173,050 shares).

3. Pursuant to a share transfer agreement dated 31 December 2009 entered into between the Parent and Cinda, Cinda agreed to transfer 49,000,000 Domestic Shares of the Company to the Parent ("First Transfer of Shares"). Pursuant to another share transfer agreement dated 15 December 2010 entered into between the Parent and Cinda, Cinda agreed to transfer 12,800,137 Domestic Shares of the Company to the Parent ("Second Transfer of Shares"). As the proposal in relation to bonus issue of shares on the basis of ten bonus shares for every ten shares held by shareholders of the Company was passed at the 2010 annual general meeting of the Company, the Parent and Cinda entered into a supplemental agreement to the aforesaid two share transfer agreements on 31 August 2012, whereby Cinda agreed to adjust the 61,800,137 Domestic Shares of the Company transferred to the Parent to 123,600,274 Domestic Shares. Consequently, under the SFO, the Parent was deemed to own 2,505,022,332 Domestic Shares (representing 99.41% in the domestic share capital and 46.39% in the total share capital) and Cinda was deemed to own 14,832,034 Domestic Shares (representing 0.58% in the domestic share capital and 0.27% in the total share capital). As at the date of this report, the formalities in respect of the share transfer registration of the aforementioned transactions of shares with the China Securities Depository and Clearing Corporation Limited had not yet been completed.

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (INCLUDING DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS) *(CONTINUED)*

I. Substantial shareholders and persons who have an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO *(Continued)*

Notes: *(Continued)*

4. JPMorgan Chase & Co. was deemed to hold interests in a total of 200,775,728 H Shares (long position) and 14,089,922 H Shares (short position) in the Company by virtue of its control over the following corporations, which held direct interests in the Company:

 4.1. J.P. Morgan Securities LLC held 155,508 H Shares (long position) and 23,922 H Shares (short position) in the Company. J.P. Morgan Securities LLC was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

 4.2. J.P. Morgan Clearing Corp held 11,000 H Shares (long position) in the Company. J.P. Morgan Clearing Corp was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

 4.3. JF Asset Management Limited held 17,484,000 H Shares (long position) in the Company. JF Asset Management Limited was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

 4.4. JPMorgan Asset Management (Taiwan) Limited held 874,000 H Shares (long position) in the Company. JPMorgan Asset Management (Taiwan) Limited was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

 4.5. J.P. Morgan Investment Management Inc. held 56,000 H Shares (long position) in the Company. J.P. Morgan Investment Management Inc. was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

 4.6. J.P. Morgan Whitefriars Inc. held 39,284,573 H Shares (long position) and 4,966,000 H Shares (short position) in the Company. J.P. Morgan Whitefriars Inc. was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

 4.7. J.P. Morgan Securities plc held 35,287,516 H Shares (long position) and 9,100,000 H Shares (short position) in the Company. J.P. Morgan Securities plc was owned as to 0.64% by J.P. Morgan Capital Financing Limited, which in turn was a wholly-owned subsidiary of JPMorgan Chase & Co., and 99.36% by J.P. Morgan Chase International Holdings, which in turn was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

 4.8. JPMorgan Chase Bank, N.A. held 107,331,131 H Shares (long position) in the Company. JPMorgan Chase Bank, N.A. was a wholly-owned subsidiary of JPMorgan Chase & Co..

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (INCLUDING DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS) *(CONTINUED)*

I. Substantial shareholders and persons who have an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO *(Continued)*

Notes: *(Continued)*

4. JPMorgan Chase & Co. was deemed to hold interests in a total of 200,775,728 H Shares (long position) and 14,089,922 H Shares (short position) in the Company by virtue of its control over the following corporations, which held direct interests in the Company: *(Continued)*

   4.9. JPMorgan Asset Management (UK) Limited held 292,000 H Shares (long position) in the Company. JPMorgan Asset Management (UK) Limited was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

   The entire interest and short position of JPMorgan Chase & Co. in the Company included a lending pool of 107,331,131 H Shares. Besides,12,107,508 H Shares (long position) and 14,089,922 H Shares (short position) were held through derivatives as follows:

10,272,000 H Shares (long position) and 9,100,000 H Shares (short position)	–	through physically settled derivatives (on exchange)
3,094,000 H Shares (short position)	–	through cash settled derivatives (on exchange)
85,508 H Shares (long position) and 145,922 H Shares (short position)	–	through physically settled derivatives (off exchange)
1,750,000 H Shares (long position) and 1,750,000 H Shares (short position)	–	through cash settled derivatives (off exchange)

5. BlackRock, Inc. was deemed to hold interests in a total of 147,702,217 H Shares (long position) and 4,404,000 H Shares (short position) in the Company by virtue of its control over the following indirect wholly-owned subsidiaries, which held direct interests in the Company:

   5.1. BlackRock Investment Management, LLC held 1,390,202 H Shares (long position) in the Company.

   5.2. BlackRock Financial Management, Inc. held 230,000 H Shares (long position) in the Company.

   5.3. BlackRock Institutional Trust Company, National Association held 41,879,332 H Shares (long position) and 4,326,000 H Shares (short position) in the Company.

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (INCLUDING DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS) *(CONTINUED)*

I. Substantial shareholders and persons who have an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO *(Continued)*

Notes: *(Continued)*

5. BlackRock, Inc. was deemed to hold interests in a total of 147,702,217 H Shares (long position) and 4,404,000 H Shares (short position) in the Company by virtue of its control over the following indirect wholly-owned subsidiaries, which held direct interests in the Company: *(Continued)*

5.4. BlackRock Fund Advisors held 38,078,000 H Shares (long position) in the Company.

5.5. BlackRock Advisors, LLC held 574,000 H Shares (long position) and 48,000 H Shares (short position) in the Company.

5.6. BlackRock Japan Co., Ltd. held 2,998,000 H Shares (long position) in the Company.

5.7. BlackRock Asset Management Canada Limited held 570,000 H Shares (long position) in the Company.

5.8. BlackRock Investment Management (Australia) Limited held 358,000 H Shares (long position) in the Company.

5.9. BlackRock Asset Management North Asia Limited held 2,060,504 H Shares (long position) in the Company.

5.10. BlackRock (Netherlands) B.V. held 704,000 H Shares (long position) in the Company.

5.11. BlackRock Advisors (UK) Limited held 29,357,739 H Shares (long position) in the Company.

5.12. BlackRock International Limited held 2,160,000 H Shares (long position) in the Company.

5.13. BlackRock Asset Management Ireland Limited held 15,255,327 H Shares (long position) in the Company.

5.14. BLACKROCK (Luxembourg) S.A. held 786,000 H Shares (long position) and 30,000 H Shares (short position) in the Company.

5.15. BlackRock Investment Management (UK) Limited held 9,984,627 H Shares (long position) in the Company.

5.16. BlackRock Fund Managers Limited held 1,108,486 H Shares (long position) in the Company.

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (INCLUDING DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS) *(CONTINUED)*

I. Substantial shareholders and persons who have an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO *(Continued)*

Notes: *(Continued)*

5. BlackRock, Inc. was deemed to hold interests in a total of 147,702,217 H Shares (long position) and 4,404,000 H Shares (short position) in the Company by virtue of its control over the following indirect wholly-owned subsidiaries, which held direct interests in the Company: *(Continued)*

   5.17. BlackRock Life Limited held 194,000 H Shares (long position) in the Company.

   5.18. BlackRock Asset Management (Schweiz) AG held 14,000 H Shares (long position) in the Company.

   The entire interest and short position of BlackRock, Inc. in the Company included 448,000 H Shares (long position) and 88,000 H Shares (short position) holding through derivatives as follows:

   448,000 H Shares (long position) and 88,000 H Shares (short position) – through cash settled derivatives (off exchange)

6. All the above percentages are calculated by rounding to two decimal places.

Save as disclosed above, as at 30 June 2015, the Company has not been notified by any persons who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

II. Interests and Short Positions of Directors, Chief Executive and Supervisors

As at 30 June 2015, as far as the Company is aware, none of the Directors, the chief executive nor the Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors, the chief executive or the Supervisors to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules nor have they been granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

Report on Review of Condensed Consolidated Interim Financial Information

TO THE BOARD OF DIRECTORS OF
CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED
(a joint stock company incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 52 to 100, which comprises the condensed consolidated statement of financial position of China National Building Material Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial information"). The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting", issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information as at 30 June 2015 are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Baker Tilly Hong Kong Limited
Certified Public Accountants

Andrew David Ross
Practising Certificate Number P01183

Hong Kong, 24 August 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Six months ended 30 June **2015** ***RMB'000*** **(unaudited)**	2014 *RMB'000* (unaudited)
Revenue	5	**48,339,127**	55,780,666
Cost of sales		**(36,450,611)**	(40,882,926)
Gross profit		**11,888,516**	14,897,740
Investment and other income	6	**3,694,121**	1,652,608
Selling and distribution costs		**(3,165,117)**	(3,004,119)
Administrative expenses		**(4,711,645)**	(4,428,997)
Finance costs – net	7	**(5,251,922)**	(5,396,957)
Share of profits of associates		**95,714**	332,339
Profit before income tax	8	**2,549,667**	4,052,614
Income tax expense	9	**(982,443)**	(1,174,161)
Profit for the period		**1,567,224**	2,878,453
Profit attributable to:			
Owners of the Company		**791,604**	1,797,833
Holders of perpetual capital instruments		**142,272**	–
Non-controlling interests		**633,348**	1,080,620
		1,567,224	2,878,453
		RMB	*RMB*
Earnings per share – basic and diluted	11	**0.147**	0.333

The accompany notes are an integral part of this condensed consolidated interim financial information.

	Note	Six months ended 30 June **2015** ***RMB'000*** **(unaudited)**	2014 *RMB'000* (unaudited)
Dividends	10	**890,839**	863,844

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**1,567,224**	2,878,453
Other comprehensive income/(expense), net of tax:		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(16,992)**	12,929
Changes in the fair value of available-for-sale financial assets	**91,138**	(158,549)
Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	**(11,925)**	–
Shares of associates' other comprehensive income/(expense)	**35,010**	(1,679)
Other comprehensive income/(expense) for the period, net of tax	**97,231**	(147,299)
Total comprehensive income for the period	**1,664,455**	2,731,154
Total comprehensive income attributable to:		
Owners of the Company	**882,874**	1,647,891
Holders of perpetual capital instruments	**142,272**	–
Non-controlling interests	**639,309**	1,083,263
Total comprehensive income for the period	**1,664,455**	2,731,154

The accompany notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	**30 June 2015 *RMB'000* (unaudited)**	31 December 2014 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	12	**127,696,133**	126,019,321
Prepaid lease payments		**14,281,065**	14,107,910
Investment properties		**295,945**	300,472
Goodwill	13	**44,625,516**	42,847,327
Intangible assets		**5,748,206**	5,336,403
Interests in associates	14	**10,394,530**	10,032,548
Available-for-sale financial assets	15	**1,893,536**	1,301,689
Deposits	16	**7,177,611**	6,584,989
Deferred income tax assets		**3,320,147**	3,251,399
		215,432,689	209,782,058
Current assets			
Inventories		**16,567,907**	16,663,437
Trade and other receivables	17	**68,605,829**	60,972,479
Financial assets at fair value through profit or loss	18	**4,072,533**	1,978,704
Amounts due from related parties	27(b)	**7,411,473**	11,090,427
Pledged bank deposits	19	**7,702,515**	5,704,068
Cash and cash equivalents		**17,990,295**	10,290,653
		122,350,552	106,699,768

The accompany notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

AS AT 30 JUNE 2015

	Note	**30 June 2015** ***RMB'000*** **(unaudited)**	31 December 2014 *RMB'000* (audited)
Current liabilities			
Trade and other payables	20	**52,569,357**	51,271,781
Amounts due to related parties	27(b)	**8,077,964**	1,713,831
Borrowings – amount due within one year	21	**158,149,218**	139,292,634
Obligations under finance leases		**3,410,399**	4,490,609
Current income tax liabilities		**1,244,869**	1,913,310
Dividend payable to non-controlling interests		**745,161**	441,789
		224,196,968	199,123,954
Net current liabilities		**(101,846,416)**	(92,424,186)
Total assets less current liabilities		**113,586,273**	117,357,872
Non-current liabilities			
Borrowings – amount due after one year	21	**31,940,390**	37,731,114
Deferred income		**1,156,289**	1,222,202
Obligations under finance leases		**11,164,784**	9,142,563
Financial guarantee contracts due after one year		**56,981**	56,981
Deferred income tax liabilities		**2,233,959**	2,227,781
		46,552,403	50,380,641
Net assets		**67,033,870**	66,977,231
Capital and reserves			
Share capital	22	**5,399,026**	5,399,026
Reserves		**35,163,967**	35,173,875
Equity attributable to:			
Owners of the Company		**40,562,993**	40,572,901
Perpetual capital instruments		**5,142,397**	5,000,125
Non-controlling interests		**21,328,480**	21,404,205
Total equity		**67,033,870**	66,977,231

The accompany notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Attributable to owners of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Fair value reserve *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Perpetual capital instruments *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2015 (audited)	5,399,026	4,824,481	300,182	2,195,487	148,987	(147,492)	27,852,230	40,572,901	5,000,125	21,404,205	66,977,231
Profit for the period	–	–	–	–	–	–	791,604	791,604	142,272	633,348	1,567,224
Other comprehensive income/ (expense), net of tax											
– Currency translation differences	–	–	–	–	–	(19,969)	–	(19,969)	–	2,977	(16,992)
– Changes in the fair value of available-for-sale financial assets	–	–	–	–	88,154	–	–	88,154	–	2,984	91,138
– Reclassification adjustments relating to available-for-sale financial assets disposed of during the period	–	–	–	–	(11,925)	–	–	(11,925)	–	–	(11,925)
– Shares of associates' other comprehensive income	–	–	–	–	139	34,871	–	35,010	–	–	35,010
Total comprehensive income for the period	–	–	–	–	76,368	14,902	791,604	882,874	142,272	639,309	1,664,455
Dividends *(Note 10)*	–	–	–	–	–	–	(890,839)	(890,839)	–	–	(890,839)
Dividends paid to the non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	(783,865)	(783,865)
Increase in non-controlling interests as a result of acquisition of new subsidiaries *(Note 23)*	–	–	–	–	–	–	–	–	–	68,113	68,113
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries *(Note 24(a))*	–	–	(3,114)	–	–	–	–	(3,114)	–	(5,409)	(8,523)
Others	–	–	1,171	–	–	–	–	1,171	–	6,127	7,298
At 30 June 2015 (unaudited)	5,399,026	4,824,481	298,239	2,195,487	225,355	(132,590)	27,752,995	40,562,993	5,142,397	21,328,480	67,033,870

The accompany notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Attributable to owners of the Company									
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserves *RMB'000*	Statutory surplus reserve fund *RMB'000*	Fair value reserve *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2014 (audited)	5,399,026	4,824,481	(152,924)	2,161,926	217,641	(42,911)	22,971,184	35,378,423	18,197,476	53,575,899
Profit for the period	–	–	–	–	–	–	1,797,833	1,797,833	1,080,620	2,878,453
Other comprehensive income/(expense), net of tax										
– Currency translation differences	–	–	–	–	–	11,099	–	11,099	1,830	12,929
– Changes in the fair value of available-for-sale financial assets	–	–	–	–	(159,362)	–	–	(159,362)	813	(158,549)
– Shares of associates' other comprehensive expense	–	–	(1,679)	–	–	–	–	(1,679)	–	(1,679)
Total comprehensive income/(expense) for the period	–	–	(1,679)	–	(159,362)	11,099	1,797,833	1,647,891	1,083,263	2,731,154
Dividends *(Note 10)*	–	–	–	–	–	–	(863,844)	(863,844)	–	(863,844)
Dividends paid to the non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	(810,674)	(810,674)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	8,314	8,314
Increase in non-controlling interests as a result of acquisition of new subsidiaries	–	–	–	–	–	–	–	–	332,595	332,595
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries *(Note 24(a))*	–	–	(91,001)	–	–	–	–	(91,001)	(141,868)	(232,869)
Deemed partial disposal of interest in a subsidiary without losing control *(Note 24(b))*	–	–	(8,248)	–	–	–	–	(8,248)	34,348	26,100
Appropriation to statutory reserve	–	–	–	142	–	–	(142)	–	–	–
Others	–	–	6,685	–	–	–	–	6,685	3,293	9,978
At 30 June 2014 (unaudited)	5,399,026	4,824,481	(247,167)	2,162,068	58,279	(31,812)	23,905,031	36,069,906	18,706,747	54,776,653

The accompany notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash generated from operating activities	**3,692,651**	7,486,725
Investing activities		
Purchases of property, plant and equipment	**(2,982,548)**	(4,248,703)
Purchases of intangible assets	**(581,001)**	(99,519)
Net cash (outflow)/inflow from acquisition	**(99,255)**	419,426
Payments for acquisition of interests in associates	**(284,974)**	(10,000)
Deposits paid	**(7,177,611)**	(8,870,308)
Other investing cash flows – net	**5,941,327**	4,995,770
Net cash used in investing activities	**(5,184,062)**	(7,813,334)
Financing activities		
Interest paid	**(5,118,476)**	(5,963,539)
Dividends paid to shareholders	**(890,839)**	(863,844)
Dividends paid to the non-controlling interests of subsidiaries	**(647,070)**	(438,607)
Repayment of borrowings	**(94,798,539)**	(77,734,121)
New borrowings raised	**111,118,463**	88,737,906
Other financing cash flows – net	**(469,790)**	2,662,784
Net cash generated from financing activities	**9,193,749**	6,400,579
Net increase in cash and cash equivalents	**7,702,338**	6,073,970
Cash and cash equivalents at 1 January	**10,290,653**	8,979,909
Effect of foreign exchange rate changes	**(2,696)**	588
Cash and cash equivalents at 30 June	**17,990,295**	15,054,467

The accompany notes are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. GENERAL INFORMATION

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

The addresses of registered office and principal place of business of the Company are located at Tower 2 (Building B) Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC and 21st Floor, Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC.

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

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

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

The condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and in compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". This condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014, which has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board.

The accounting policies used in this condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(CONTINUED)*

(a) New and amended standards adopted by the Group

The following new standards and amendments to IFRSs are mandatory for the first time adoption for the accounting period beginning on 1 January 2015:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

The adoption of the above amended standards had no material impact on the amounts reported and disclosures set out in the condensed consolidated interim financial information of the Group for the current or prior accounting periods.

(b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the accounting period beginning on 1 January 2015, and have not been early adopted by the Group:

IFRS 9	Financial Instruments[3]
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
IFRS 14	Regulatory Deferral Accounts[1]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
IAS 1 (Amendments)	Disclosure Initiative[1]
IAS16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
IAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]
IAS16 and IAS 41 (Amendments)	Agriculture: Bearer Plant[1]
IFRSs (Amendments)	Annual Improvements to IFRSs 2012–2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

3. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management department since year end or in any risk management policies.

4.2 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

4. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.3 Fair value estimation *(Continued)*

The following table presents the Group's assets and liability that are measured at fair value at 30 June 2015:

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Assets				
Financial assets at fair value through profit or loss	**2,761,958**	**50,575**	**1,260,000**	**4,072,533**
Available-for-sale financial assets	**1,599,115**	**–**	**–**	**1,599,115**
Total assets (unaudited)	**4,361,073**	**50,575**	**1,260,000**	**5,671,648**
Liability				
Financial guarantee contracts	**–**	**–**	**56,981**	**56,981**
Total liability (unaudited)	**–**	**–**	**56,981**	**56,981**

The following table presents the Group's assets and liability that are measured at fair value at 31 December 2014:

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Financial assets at fair value through profit or loss	800,379	–	1,178,325	1,978,704
Available-for-sale financial assets	1,006,782	–	–	1,006,782
Total assets (audited)	1,807,161	–	1,178,325	2,985,486
Liability				
Financial guarantee contracts	–	–	56,981	56,981
Total liability (audited)	–	–	56,981	56,981

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

4. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

4.3 Fair value estimation *(Continued)*

During the period in 2015, there were no significant transfers between levels of the financial assets and financial liability.

During the period in 2015, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liability.

During the period in 2015, there were no reclassification of financial assets and financial liability.

The fair values of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The fair value of financial guarantee contracts is estimated by the directors with reference to the financial condition of the guarantee, which were considered as Level 3 valuation.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

Information about Level 3 fair value measurements

	Fair value as at			
Financial assets	**30 June 2015**	**31 December 2014**	**Valuation technique(s) and key input(s)**	**Relationship of unobservable inputs to fair value**
Structured deposits	Bank deposits in Mainland China with non-closely related embedded derivative: RMB1,260,000,000	Bank deposits in Mainland China with non-closely related embedded derivative: RMB1,178,325,000	Discounted cash flows Key unobservable inputs are: Expected yields of 2.85% to 4.00% of money markets and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks *(Note)*	The higher the expected yield, the higher the fair value The higher the discount rate, the lower the fair value

Note: The Management considers that the impact of the fluctuation in expected yields of the money market instruments and debt instruments to the fair value of the structured deposits was insignificant as the deposits have short maturities, and therefore no sensitivity analysis is presented.

No gains or losses are recognised in profit or loss relating to the change in fair value of structured deposits classified as Level 3 in the current period and prior year as the amount involved is insignificant, and therefore no reconciliation of Level 3 fair value measurements is presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

5. SEGMENT INFORMATION

For management purposes, the Group is currently organised into six major operating divisions during the period – 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

More than 90% of the Group's operations and assets are located in the PRC for the period ended 30 June 2015 and year ended 31 December 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

5. SEGMENT INFORMATION *(CONTINUED)*

(a) For the six months ended 30 June 2015:

The segment results for the six months ended 30 June 2015 are as follows:

Unaudited	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fiber and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Revenue								
External sales	28,800,111	10,544,662	3,393,047	1,504,198	2,753,203	1,343,906	–	48,339,127
Inter-segment sales *(Note)*	963,211	41	–	–	366,425	347,434	(1,677,111)	–
	29,763,322	10,544,703	3,393,047	1,504,198	3,119,628	1,691,340	(1,677,111)	48,339,127
Adjusted EBITDA (unaudited)	7,992,220	1,873,168	871,759	238,845	521,585	55,837	–	11,553,414
Depreciation and amortisation	(3,040,531)	(457,685)	(191,880)	(41,756)	(61,415)	(36,134)	19,532	(3,809,869)
Unallocated other income								66,557
Unallocated administrative expenses								(104,227)
Share of profit/(loss) of associates	32,108	–	775	(15,300)	(1,398)	79,529	–	95,714
Finance costs – net	(3,804,915)	(880,107)	(68,544)	(19,804)	(152,187)	(80,419)	–	(5,005,976)
Unallocated finance costs – net								(245,946)
Profit before income tax								2,549,667
Income tax expense								(982,443)
Profit for the period (unaudited)								1,567,224

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

5. SEGMENT INFORMATION *(CONTINUED)*

(a) For the six months ended 30 June 2015: *(Continued)*

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

(b) As at 30 June 2015:

The segment assets and liabilities as at 30 June 2015 are as follows:

Unaudited	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fiber and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
ASSETS								
Segment assets	208,276,561	47,714,527	12,063,053	5,300,987	11,591,406	6,130,934	–	291,077,468
Interests in associates	6,498,656	–	104,280	3,190,139	32,521	568,934	–	10,394,530
Unallocated assets								36,311,243
Total consolidated assets (unaudited)								337,783,241
LIABILITIES								
Segment liabilities	162,493,039	16,989,649	4,924,753	3,145,713	12,309,680	6,552,784	–	206,415,618
Unallocated liabilities								64,333,753
Total consolidated liabilities (unaudited)								270,749,371

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

5. SEGMENT INFORMATION *(CONTINUED)*

(c) For the six months ended 30 June 2014:

The segment results for the six months ended 30 June 2014 are as follows:

Unaudited	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fiber and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Revenue								
External sales	34,224,098	13,402,183	3,544,916	1,046,221	2,062,626	1,500,622	–	55,780,666
Inter-segment sales *(Note)*	3,436,466	–	47	–	919,899	1,067,572	(5,423,984)	–
	37,660,564	13,402,183	3,544,963	1,046,221	2,982,525	2,568,194	(5,423,984)	55,780,666
Adjusted EBITDA (unaudited)	8,821,888	2,111,547	923,178	161,805	473,730	148,686	–	12,640,834
Depreciation and amortisation	(2,673,160)	(457,336)	(164,663)	(50,995)	(64,628)	(18,469)	10,934	(3,418,317)
Unallocated other expenses								(824)
Unallocated administrative expenses								(104,461)
Share of profit/(loss) of associates	268,295	1,502	(900)	60,748	(41)	2,735	–	332,339
Finance costs – net	(3,563,957)	(924,504)	(94,440)	(34,210)	(160,248)	(85,103)	(39,062)	(4,901,524)
Unallocated finance costs – net								(495,433)
Profit before income tax								4,052,614
Income tax expense								(1,174,161)
Profit for the period (unaudited)								2,878,453

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

5. SEGMENT INFORMATION *(CONTINUED)*

(c) For the six months ended 30 June 2014: *(Continued)*

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

(d) As at 31 December 2014:

The segment assets and liabilities as at 31 December 2014 are as follows:

Audited	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fiber and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
ASSETS								
Segment assets	213,167,510	32,898,822	11,037,659	5,220,056	10,601,787	5,321,491	–	278,247,325
Interests in associates	6,445,759	–	106,519	3,207,298	32,633	240,339	–	10,032,548
Unallocated assets								28,201,953
Total consolidated assets								316,481,826
LIABILITIES								
Segment liabilities	129,883,194	45,890,016	4,391,092	3,158,478	10,956,936	4,671,960	–	198,951,676
Unallocated liabilities								50,552,919
Total consolidated liabilities								249,504,595

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

5. SEGMENT INFORMATION *(CONTINUED)*

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**11,497,577**	12,492,148
Adjusted EBITDA for other segment	**55,837**	148,686
Total segments profit	**11,553,414**	12,640,834
Depreciation of property, plant and equipment	**(3,433,325)**	(3,098,675)
Amortisation of intangible assets	**(188,948)**	(156,696)
Prepaid lease payments released to the condensed consolidated income statement	**(187,596)**	(162,946)
Corporate items	**(37,670)**	(105,285)
Operating profit	**7,705,875**	9,117,232
Finance costs – net	**(5,251,922)**	(5,396,957)
Share of profit of associates	**95,714**	332,339
Profit before income tax	**2,549,667**	4,052,614

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

6. INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Changes in fair value of financial assets at fair value through profit or loss	**1,428,974**	(14,425)
Government subsidies		
VAT refunds *(Note a)*	**890,198**	757,689
Government grants *(Note b)*	**776,039**	402,744
Interest subsidies	**53,754**	12,155
Net rental income	**197,425**	38,907
Discount on acquisition of interests in subsidiaries	**34,080**	188,885
Gain on disposal of other investments	**551**	456
Claims received	**27,394**	26,330
Waiver of payables	**32,627**	49,666
Others	**253,079**	190,201
	3,694,121	1,652,608

Notes:

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

7. FINANCE COSTS – NET

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on bank borrowings:		
– wholly repayable within five years	**3,473,597**	4,013,415
– not wholly repayable within five years	**7,991**	12,039
	3,481,588	4,025,454
Interest expenses on bonds, other borrowings and finance leases	**2,175,019**	1,888,998
Less: Interest capitalised to construction in progress	**(181,775)**	(243,204)
	5,474,832	5,671,248
Interest income:		
– interest on bank deposits	**(168,061)**	(111,049)
– interest on loans receivable	**(54,849)**	(163,242)
	(222,910)	(274,291)
Finance costs – net	**5,251,922**	5,396,957

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**3,457,975**	3,121,199
Depreciation of investment properties	**4,527**	4,490
Amortisation of intangible assets	**188,948**	156,696
Prepaid lease payments released to condensed consolidated income statement	**187,596**	162,946
Allowance for bad and doubtful debts	**198,371**	244,785
Impairment loss on property, plant and equipment	**–**	75
Staff costs	**4,877,490**	4,844,253
Net foreign exchange losses	**4,164**	5,283

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax	**1,021,820**	1,577,315
Deferred income tax	**(39,377)**	(403,154)
	982,443	1,174,161

PRC income tax is calculated at 25% (2014: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate 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.

Taxation on profits outside the PRC has been calculated on the estimated assessable profits for the six months ended 30 June 2015 at the rates of taxation prevailing in the countries in which the group operates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

10. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends	**890,839**	863,844

During the period, a dividend amounting to approximately RMB890.84 million (Six months ended 30 June 2014: approximately RMB863.84 million) was announced as the final dividend for the immediate preceding financial year end.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015.

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**791,604**	1,797,833

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Weighted average number of ordinary shares at 30 June	**5,399,026,262**	5,399,026,262

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

12. PROPERTY, PLANT AND EQUIPMENT

Six months ended 30 June 2015

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Net book value as at 1 January 2015 (audited)	7,220,382	59,883,467	54,402,913	4,512,559	126,019,321
Additions	3,081,473	351,501	504,424	75,687	4,013,085
Acquisition of subsidiaries *(Note 23)*	102,748	670,414	686,908	158,761	1,618,831
Transfer from construction in progress	(3,735,476)	1,627,290	2,106,387	1,799	–
Transfer to construction in progress for reconstruction	15,296	(1,382)	(13,914)	–	–
Disposals	(359,770)	(10,570)	(80,347)	(46,442)	(497,129)
Depreciation and impairment	–	(914,255)	(2,190,081)	(353,639)	(3,457,975)
Net book value as at 30 June 2015 (unaudited)	6,324,653	61,606,465	55,416,290	4,348,725	127,696,133

As at 31 December 2014

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Net book value as at 1 January 2014 (audited)	8,692,209	56,143,200	53,655,656	4,994,955	123,486,020
Additions	4,778,337	1,952,978	738,684	121,515	7,591,514
Acquisition of subsidiaries *(Note 23)*	711,195	701,903	779,097	103,822	2,296,017
Transfer from construction in progress	(7,823,138)	3,581,003	4,237,781	4,354	–
Transfer to construction in progress for reconstruction	1,251,327	(592,335)	(658,992)	–	–
Transfer to prepaid lease payments	–	(1,502)	–	–	(1,502)
Disposals	(5,934)	(47,261)	(76,969)	(23,995)	(154,159)
Disposal of subsidiaries	(381,999)	(123,488)	(215,836)	(2,649)	(723,972)
Depreciation and impairment	(1,615)	(1,731,031)	(4,056,508)	(685,443)	(6,474,597)
Net book value as at 31 December 2014 (audited)	7,220,382	59,883,467	54,402,913	4,512,559	126,019,321

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

13. GOODWILL

	30 June 2015 **RMB'000** **(unaudited)**	31 December 2014 RMB'000 (audited)
At the beginning of the period/year	**42,847,327**	42,310,902
Arising from acquisition of subsidiaries *(Note 23)*	**1,778,189**	558,123
Disposal of subsidiaries	**–**	(19,441)
Impairment loss for the period/year	**–**	(2,257)
At the end of the period/year	**44,625,516**	42,847,327

Goodwill is allocated to the cash generating units that are expected to benefit from the business combinations. The carrying amount of goodwill had been allocated as follows:

	30 June 2015 **RMB'000** **(unaudited)**	31 December 2014 RMB'000 (audited)
Cement	**34,680,834**	33,928,623
Concrete	**9,817,308**	8,791,330
Lightweight building materials	**92,552**	92,552
Glass fiber and composite materials	**15,991**	15,991
Engineering services	**62**	62
Others	**18,769**	18,769
	44,625,516	42,847,327

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

14. INTERESTS IN ASSOCIATES

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Cost of investments in associates		
– listed in the PRC	**1,770,356**	1,761,562
– listed in Hong Kong	**1,240,038**	1,240,038
– unlisted	**4,297,380**	3,968,046
Share of post-acquisition profit, net of dividend received	**3,086,756**	3,062,902
	10,394,530	10,032,548
Fair value of listed investments	**14,148,979**	8,850,882

As at 30 June 2015, the cost of investments in associates included goodwill of associates of approximately RMB1,045.83 million (31 December 2014: approximately RMB1,045.83 million).

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Available-for-sale financial assets:		
– Unlisted equity shares *(Note)*	**294,421**	294,907
– Listed equity shares listed in Hong Kong	**1,380,525**	733,255
– Listed equity shares listed outside Hong Kong	**218,590**	273,527
	1,893,536	1,301,689

Note: The available-for-sale financial assets are accounted for at cost less accumulated impairment losses as such investments do not have a quoted market price in an active market, and the range of reasonable fair value estimated is so significant that the management is of the opinion that their fair values cannot be reliably measured.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

16. DEPOSITS

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Investment deposits for acquisition of subsidiaries	**1,779,270**	1,000,280
Investment deposits for acquisition of associates	**129,735**	–
Deposits paid to acquire property, plant and equipment	**3,488,534**	3,394,155
Deposits paid to acquire intangible assets	**1,150,287**	1,534,593
Deposits paid in respect of prepaid lease payments	**629,785**	655,961
	7,177,611	6,584,989

Note: The carrying amounts of the deposits approximate to their fair values.

17. TRADE AND OTHER RECEIVABLES

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables, net of allowance for bad and doubtful debts	**35,039,097**	27,306,027
Bills receivable	**5,248,357**	7,718,472
Amounts due from customers for contract work	**2,157,064**	3,401,529
Prepaid lease payments	**353,206**	348,244
Other receivables, deposits and prepayments	**25,808,105**	22,198,207
	68,605,829	60,972,479

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

17. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

The Group normally allowed an average of credit period of 60 to 180 days to its trade customers. Ageing analysis of trade receivables are as follows:

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Within two months	**12,348,554**	8,752,842
More than two months but within one year	**16,452,131**	14,209,370
Between one and two years	**4,869,295**	3,475,323
Between two and three years	**1,081,060**	550,969
Over three years	**288,057**	317,523
	35,039,097	27,306,027

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

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Held-for-trading investments at market value:		
– Quoted investment funds listed outside Hong Kong	**137**	499
– Quoted listed equity shares listed outside Hong Kong	**2,761,821**	799,880
	2,761,958	800,379
Structured deposits *(Note)*	**1,260,000**	1,178,325
Bonds	**50,575**	–
	4,072,533	1,978,704

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(CONTINUED)*

Note: The structured deposits as at 30 June 2015 consisted of deposits denominated in Reminbi and issued by banks in Mainland China. The structured deposits carries interest at expected interest rate of 2.85% to 4.00% per annum, depending on the market price of the underlying money market instruments and debt instruments invested by the banks, payable on maturity where the maturity ranging from 90 to 91 days from the date of purchase. The structured deposits were designated at financial assets at fair value through profit or loss on initial recognition as they contain non-closely related embedded derivative. The management considers the fair values of the structured deposits, which are measured by reference to the discounted cash flow approach as disclosed in Note 4.3, approximate to their carrying values.

19. PLEDGED BANK DEPOSITS

As at 30 June 2015, the Group pledged approximately RMB7,702.52 million bank deposits (31 December 2014: approximately RMB5,704.07 million) to bankers of the Group to secure the bank borrowings due within one year and the short-term banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits carry interest at market rates which ranging from 0.35% to 3.50% (the year ended 31 December 2014: ranging from 0.35% to 2.85%) per annum.

20. TRADE AND OTHER PAYABLES

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

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Within two months	**6,178,763**	7,046,574
More than two months but within one year	**7,190,093**	7,893,131
Between one and two years	**2,314,310**	2,540,645
Between two and three years	**596,590**	759,596
Over three years	**728,685**	436,910
Trade payables	**17,008,441**	18,676,856
Bills payable	**14,984,975**	11,782,823
Amounts due to customers for contract work	**528,848**	347,864
Other payables	**20,047,093**	20,464,238
	52,569,357	51,271,781

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

21. BORROWINGS

	30 June 2015 **RMB'000** **(unaudited)**	31 December 2014 RMB'000 (audited)
Bank borrowings:		
– Secured	**3,703,503**	3,988,855
– Unsecured	**107,675,668**	114,634,893
	111,379,171	118,623,748
Bonds	**78,710,437**	58,400,000
	190,089,608	177,023,748
Analysed for reporting purposes:		
Non-current	**31,940,390**	37,731,114
Current	**158,149,218**	139,292,634
	190,089,608	177,023,748

The interest rates of the borrowings are ranging from 2% to 6.6% per annum during the period (the year ended 31 December 2014: ranging from 2% to 7.8%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

21. BORROWINGS *(CONTINUED)*

Movements in borrowings are analysed as follows:

Six months ended 30 June 2015	***RMB'000***
Opening amount at 1 January 2015 (audited)	**177,023,748**
Additions during the period	**111,118,463**
Acquisition of subsidiaries *(Note 23)*	**38,000**
Repayments of borrowings	**(98,090,603)**
Closing amount at 30 June 2015 (unaudited)	**190,089,608**

Six months ended 30 June 2014	*RMB'000*
Opening amount at 1 January 2014 (audited)	170,208,248
Additions during the period	88,737,906
Acquisition of subsidiaries	960,989
Repayments of borrowings	(79,806,469)
Closing amount at 30 June 2014 (unaudited)	180,100,674

At the end of the reporting date, the carrying value of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	30 June 2015 ***RMB'000*** **(unaudited)**	31 December 2014 *RMB'000* (audited)
Property, plant and equipment	**8,804,686**	10,881,614
Prepaid lease payments	**464,885**	531,758
Investment properties	**–**	198,482
Mining rights	**6,320**	–
Pledged bank deposits *(Note 19)*	**7,702,515**	5,704,068
Trade receivables	**810,639**	1,333,957
Bills receivable	**141,481**	149,342
	17,930,526	18,799,221

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

22. SHARE CAPITAL

	Domestic Shares *(Note (a))*		H Shares *(Note (b))*		
	Number of shares	Amount	Number of shares	Amount	Total capital
		RMB'000		*RMB'000*	*RMB'000*
Registered shares of RMB1.0 each					
As at 1 January 2014, 31 December 2014, 1 January 2015 and 30 June 2015	2,519,854,366	2,519,854	2,879,171,896	2,879,172	5,399,026

There are no movements in share capital during the six months period ended 30 June 2015.

Notes:

(a) Domestic shares are ordinary shares subscribed for and credited as fully paid up in RMB by PRC government and/or PRC incorporated entities only.

(b) H shares are ordinary shares subscribed for and credited as fully paid up in RMB by persons other than PRC government and/or PRC incorporated entities only.

Other than the specific requirements on the holders of the shares as set out in Notes (a) and (b), the shares mentioned above rank pari passu in all respects with each other.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

23. BUSINESS COMBINATION

During the period, the Group acquired 25 subsidiaries. The acquired subsidiaries are principally engaged in the production and sale of cement, concrete and lightweight building materials.

These acquisitions have been accounted for using the purchase method.

Net assets acquired in the transactions during the period/year, and the goodwill arising, are as follows:

	30 June 2015 Fair value *RMB'000* (unaudited)	31 December 2014 Fair value *RMB'000* (audited)
Net assets acquired:		
Property, plant and equipment *(Note 12)*	**1,618,831**	2,296,017
Intangible assets	**28,834**	61,767
Interests in associates	**–**	16,518
Prepaid lease payments	**226,524**	378,345
Available-for-sale financial assets	**–**	500
Deferred income tax assets	**32,781**	24,070
Inventories	**339,338**	280,673
Trade and other receivables	**1,218,525**	1,451,801
Amounts due from the related parties	**42,612**	37,702
Pledged bank deposits	**–**	405,825
Cash and cash equivalents	**36,876**	180,912
Trade and other payables	**(1,836,503)**	(2,169,392)
Current income tax (liabilities)/recoverable	**(13,861)**	457
Dividend payable to non-controlling interests	**(164,464)**	(46,730)
Amounts due to the related parties	**(205,543)**	(32,400)
Borrowings *(Note 21)*	**(38,000)**	(1,548,989)
Obligation under finance leases	**(6,280)**	(7,573)
Deferred income tax liabilities	**(40,054)**	(26,442)
Net assets	**1,239,616**	1,303,061

The acquisition-related costs of approximately RMB464,000 (31 December 2014: approximately RMB350,000) have been recognised in the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

23. BUSINESS COMBINATION *(CONTINUED)*

	30 June 2015 Fair value *RMB'000* (unaudited)	31 December 2014 Fair value *RMB'000* (audited)
Net assets acquired	**1,239,616**	1,303,061
Non-controlling interests	**(68,113)**	(348,790)
Discount on acquisition of interests in subsidiaries	**(34,080)**	(215,743)
Goodwill *(Note 13)*	**1,778,189**	558,123
Total consideration	**2,915,612**	1,296,651

	30 June 2015 *RMB'000* (unaudited)	31 December 2014 *RMB'000* (audited)
Total consideration satisfied by:		
Cash	**136,131**	573,700
Other payables	**2,779,481**	722,951
	2,915,612	1,296,651
Net cash outflow arising on acquisition:		
Cash consideration paid	**(136,131)**	(573,700)
Less: Cash and cash equivalents acquired	**36,876**	180,912
	(99,255)	(392,788)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

23. BUSINESS COMBINATION *(CONTINUED)*

The non-controlling interests are measured at the fair value of their proportionate share of the recognised amount of net assets acquired at the acquisition date.

The goodwill arising on the acquisition of these subsidiaries is mainly attributable to the benefit of expected revenue growth and future market development in Heilongjiang province, Guizhou province, Sichuan province and Anhui province and the synergies in consolidating the Group's cement, concrete and lightweight building materials. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

The discount on acquisition was the result of losses incurred by those subsidiaries in prior years' operations and the additional capital to be injected by the Group required to expand the production facilities in future.

Included in the revenue and profit for the period are approximately RMB348.65 million and loss of RMB29.56 million respectively attributable to the additional business generated by these newly acquired subsidiaries.

Had these business combinations been effected at 1 January 2015, the revenue for the period of the Group would be approximately RMB48,425.40 million, and profit for the period of the Group would be approximately RMB1,559.64 million. The directors of the Group consider these 'pro-forma' only an approximate measure of the performance of the combined group for the interim period and is used as reference point for comparison in future periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

23. BUSINESS COMBINATION *(CONTINUED)*

Details of the Group's significant acquisitions during the period are as follows:

(i) Sichuan Nuwa Building Materials Company ("四川省女媧建材有限公司")

On 30 April 2015, the Group acquired 80% of the equity interests of Sichuan Nuwa Building Materials Company ("四川省女媧建材有限公司") for the consideration of RMB140 million. The acquired subsidiary is principally engaged in the production and sale of cements and limestone.

Net assets acquired in the transactions, and the goodwill arising, are as follows:

	2015 **Fair value** ***RMB'000***
Net assets acquired:	
Property, plant and equipment	**221,147**
Intangible assets	**4,520**
Prepaid lease payments	**10,604**
Inventories	**17,070**
Trade and other receivables	**15,502**
Cash and cash equivalents	**64**
Trade and other payables	**(94,624)**
Deferred income tax liabilities	**(9,837)**
Net assets	**164,446**
Non-controlling interests	**(34,877)**
Goodwill	**10,469**
Total consideration	**140,038**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

23. BUSINESS COMBINATION *(CONTINUED)*

Details of the Group's significant acquisitions during the period are as follows: *(Continued)*

(i) Sichuan Nuwa Building Materials Company ("四川省女媧建材有限公司") *(Continued)*

	2015 *RMB'000*
Total consideration satisfied by:	
Cash	**84,252**
Other payables	**55,786**
	140,038
Net cash outflow arising on acquisition:	
Cash consideration paid	**(84,252)**
Less: Cash and cash equivalents acquired	**64**
	(84,188)

Included in the revenue and profit for the period are approximately RMB21 million and loss of RMB4 million respectively attributable to the additional business generated by acquired subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

23. BUSINESS COMBINATION *(CONTINUED)*

Details of the Group's significant acquisitions during the period are as follows: *(Continued)*

(ii) Mudanjiang Jiangda Chengjian Commercial Concrete Company Limited ("牡丹江市江達城建商品砼有限責任公司")

On 1 January 2015, the Group acquired 100% of the equity interests of Mudanjiang Jiangda Chengjian Commercial Concrete Company Limited ("牡丹江市江達城建商品砼有限責任公司") for the consideration of RMB478 million. The acquired subsidiary is principally engaged in the production and sale of cements.

Net assets acquired in the transactions, and the goodwill arising, are as follows:

	2015 **Fair value** ***RMB'000***
Net assets acquired:	
Property, plant and equipment	**117,537**
Intangible assets	**192**
Prepaid lease payments	**19,808**
Deferred income tax assets	**19,197**
Inventories	**14,551**
Trade and other receivables	**157,097**
Cash and cash equivalents	**3,136**
Trade and other payables	**(114,453)**
Current income tax liabilities	**(1,709)**
Borrowings	**(14,806)**
Net assets	**200,550**
Goodwill	**277,600**
Total consideration	**478,150**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

23. BUSINESS COMBINATION *(CONTINUED)*

Details of the Group's significant acquisitions during the period are as follows: *(Continued)*

(ii) Mudanjiang Jiangda Chengjian Commercial Concrete Company Limited ("牡丹江市江達城建商品砼有限責任公司") *(Continued)*

	2015 *RMB'000*
Total consideration satisfied by:	
Cash	–
Other payables	478,150
	478,150
Net cash inflow arising on acquisition:	
Cash consideration paid	–
Less: Cash and cash equivalents acquired	3,136
	3,136

Included in the revenue and profit for the period are approximately RMB23 million and loss of RMB1.7 million respectively attributable to the additional business generated by acquired subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

23. BUSINESS COMBINATION *(CONTINUED)*

Details of the Group's significant acquisitions during the period are as follows: *(Continued)*

(iii) Jixi Chenghai Cement Company Limited ("雞西市城海水泥有限責任公司")

On 1 January 2015, the Group acquired 97.7% of the equity interests of Jixi Chenghai Cement Company Limited ("雞西市城海水泥有限責任公司") for the consideration of RMB357 million. The acquired subsidiary is principally engaged in the production of cements.

Net assets acquired in the transactions, and the goodwill arising, are as follows:

	2015 Fair value *RMB'000*
Net assets acquired:	
Property, plant and equipment	**165,619**
Deferred income tax assets	**845**
Inventories	**18,600**
Trade and other receivables	**180,826**
Cash and cash equivalents	**4,317**
Trade and other payables	**(162,587)**
Dividend payable to non-controlling shareholders	**(24,151)**
Current income tax liabilities	**(1,481)**
Deferred income tax liabilities	**(3,878)**
Net assets	**178,110**
Non-controlling interests	**(4,097)**
Goodwill	**182,670**
Total consideration	**356,683**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

23. BUSINESS COMBINATION *(CONTINUED)*

Details of the Group's significant acquisitions during the period are as follows: *(Continued)*

(iii) Jixi Chenghai Cement Company Limited ("雞西市城海水泥有限責任公司") *(Continued)*

	2015 *RMB'000*
Total consideration satisfied by:	
Cash	–
Other payables	356,683
	356,683
Net cash inflow arising on acquisition:	
Cash consideration paid	–
Less: Cash and cash equivalents acquired	4,317
	4,317

Included in the revenue and profit for the period are approximately RMB54 million and loss of RMB1.2 million respectively attributable to the additional business generated by acquired subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

24. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Acquisition of additional interests in subsidiaries without change in control

Suihua Tsinghua Cement Company Limited ("綏化清華水泥有限責任公司") ("Suihua Tsinghua")

During the six months ended 30 June 2015, the Group acquired additional issued shares of Suihua Tsinghua for a consideration of approximately RMB8.52 million. The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was approximately RMB5.41 million. The Group recognised a decrease in non-controlling interests of approximately RMB5.41 million and a decrease in equity attributable to owners of the Company of approximately RMB3.11 million.

	30 June 2015 *RMB'000* (unaudited)	30 June 2014 *RMB'000* (unaudited)
Carrying amount of non-controlling interests acquired	**5,409**	141,868
Consideration paid to non-controlling interests	**(8,523)**	(232,869)
Excess of consideration paid recognised within parent's equity	**(3,114)**	(91,001)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

24. TRANSACTIONS WITH NON-CONTROLLING INTERESTS *(CONTINUED)*

(b) Deemed partial disposal of interests in subsidiaries without losing control

	30 June 2015	30 June 2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Carrying amount of equity interest obtained by non-controlling interests	**–**	(34,348)
Capital contributed by non-controlling interests	**–**	26,100
Loss on disposal within equity	**–**	(8,248)

25. COMMITMENTS

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Capital expenditure of the Group contracted but not provided for:		
– Acquisition of property, plant and equipment	**49,172**	166,879
– Acquisition of prepaid lease payments	**–**	12,433

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

26. CONTINGENT LIABILITIES AND LITIGATION

(i) During the reporting period, references are made to the Company's announcements dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015 in relation to the developments in the gypsum board litigation in the United States ("US"). The motions made by Taishan Gypsum in respect of some of the gypsum board cases in the US to vacate the default judgment and the preliminary entry of the default order and to dismiss legal action on the ground that the US courts did not have personal jurisdiction had been dismissed. Taishan Gypsum did not agree that the US courts have jurisdiction and objected to the substantive disputes being heard by a court without jurisdiction, it has decided not to continue to participate in any gypsum board litigation brought against it in the US courts. As a result of Taishan Gypsum's failure to participate in a Judgment Debtor Examination held in the United States District Court of Eastern District of Louisiana (the "US District Court"), the US District Court held Taishan Gypsum in contempt of court imposing certain injunction on it and its affillates (the "Contempt Order"). The Company has been informed by BNBM that Taishan Gypsum has subsequently engaged PRC and US lawyers to represent Taishan Gypsum to participate in the gypsum board litigation and defend in order to protect the interest of Taishan Gypsum. Taishan Gypsum has applied to the US District Court for the discharge of the Contempt Order. As Taishan Gypsym would only be allowed to participate in the litigation and defend its cases after the Contempt Order has been dismissed, Taishan Gypsum has paid the US District Court the penalty for contempt of court in the sum of USD40,000 and agreed to pay the plaintiff's attorney's fees in the sum of USD15,000. Furthermore, as the basis for the US District Court's Contempt Order was the non-participation by Taishan Gypsum in the Judgment Debtor Examination meeting following the default judgment in the Germano case, Taishan Gypsum has also agreed to pay USD2,758,356.52 under the default judgment in the Germano case together with interest accrued from May 2010. In addition, the Judicial Circuit of Virginia in the US has entered a default judgement in a case brought by Dragas against Tiashan Gypsum, pursuant to which Taishan Gypsum shall make a compensation of USD4,009,892.43, an interest of USD96,806.57 before judgment and an interest accrued since June 2013. During the Reporting Period, Taishan Gypsum entered into a settlement agreement with Dragas in respect of this case and made a settlement payment of USD4,000,000 to Dragas. The case was concluded. Taishan Gypsum has stated that its agreement to make the above payments is not to be taken as its acceptance of the content of the default judgment in the aforesaid cases, and that the taking of such steps was simply to enable it to apply for the discharge or to avoid the Contempt Order and to participate in and defend the litigation of gypsum board cases after such discharge.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

26. CONTINGENT LIABILITIES AND LITIGATION *(CONTINUED)*

Separately, service of the summons in respect of the civil action initiated by Eduardo and Carmen Amorin individually and on behalf of all others similarly situated plaintiffs (the "Amorin Case") from the US District Court has been made on the Company through Beijing Supreme People's Court in China. The plaintiffs in the Amorin Case claimed damages of more than USD1,500 million against the defendants which included, among others, the Company, BNBM and Taishan Gypsum. In the light of the developments in the litigation, each of the Company and BNBM has engaged PRC and US lawyers respectively, who would represent the Company and BNBM respectively to participate in the gypsum board litigation and defend in order to protect the respective interest of the Company and BNBM. It is difficult to ascertain accurately the potential impact of the US gypsum board litigation on the Company. For details on this litigation, please refer to the announcements of the Company dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015. The Company will continue to monitor the progress of the US gypsum board litigation and will make further announcements if and when necessary in accordance with the regulatory requirements.

(ii) The Company issued a voluntary announcement in relation to the completion of the subscription of the shares of Shanshui Cement and the relevant legal proceedings on 3 November 2014 and another voluntary announcement in relation to the update on legal proceedings on 26 January 2015, stating: a statement of claim was served on various defendants, including Shanshui Cement, the Company and other parties, through the Court by six individual minority shareholders (the plaintiffs) of China Shanshui Investment Company Limited (a controlling shareholder of Shanshui Cement) on 23 January 2015. According to statement of claim, the plaintiffs sought, amongst other reliefs, an order that the Subscription Agreement entered into between the Company and Shanshui Cement on 27 October 2014 and the relevant subscription of shares in Shanshui Cement by the Company be set aside. The above case was discontinued on 12 August 2015 on application by the plaintiffs and agreed by the defendants. For details on this litigation, please refer to the announcements dated 3 November 2014 and 26 January 2015.

(iii) The Company issued a voluntary announcement on a litigation involving the Company and its subsidiaries on 29 January 2015, stating:certain creditors of Sichuan Zizhong Dongfanghong Cement Company Limited ("Dongfanghong") have initiated a total of 135 court proceedings against Dongfanghong, Zizhong Southwest, Southwest Cement and the Company (of which the Company is a plaintiff in some proceedings) involving a total amount of approximately RMB285 million. Zizhong Southwest and Southwest Cement have already settled the judgment debts, amounting to approximately RMB80 million in aggregate, in respect of some of the judgments made by the relevant court. Zizhong Southwest and Southwest Cement have, in respect of one of the judgments given by the Sichuan Higher People's Court (四川省高級人民法院), applied to the Supreme People's Court of the PRC for a retrial and have received an acceptance notice from the same court on 9 January 2015. Zizhong Southwest and Southwest Cement have initiated court and arbitration proceedings against Dongfanghong and its shareholders to recover its losses suffered as a result of the proceedings. For details on this litigation, please refer to the announcement of the Company dated 29 January 2015. The Company will continue to monitor the progress of the proceedings and will make further announcements if and when necessary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

27. RELATED PARTY TRANSACTIONS

In addition to the related party information shown elsewhere in the condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the period and balances as at the end of the reporting date.

(a) Transactions with related parties:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Provision of production supplies to		
– the Parent Group	**218,264**	3,511
– Associates	**33,466**	307,936
– Non-controlling interests of subsidiaries	**4,080**	135,126
	255,810	446,573
Provision of support services to		
– the Parent Group	**275,442**	666
– Associates	**21,714**	–
	297,156	666
Rental income received from		
– the Parent Group	**1,489**	1,288
– Associates	**–**	10,246
	1,489	11,534
Rendering of engineering services to the Parent Group	**215,952**	59,835
Supply of raw materials by		
– the Parent Group	**–**	13,585
– Associates	**–**	12,150
	–	25,735

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

27. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties: *(Continued)*

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Provision of production supplies by		
– the Parent Group	**72,580**	76,112
– Associates	**46,961**	180,473
– Non-controlling interests of subsidiaries	**–**	1,956
	119,541	258,541
Provision of support services by the Parent Group	**2,263**	2,635
Interest income received from Associates	**1,428**	780
Interest expenses paid to Associates	**–**	98
Rendering of engineering services by the Parent Group	**–**	1,155
Supplying of equipment by the Parent Group	**–**	29,947

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

27. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Amounts due from/(to) related parties:

	30 June 2015 *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Amounts due from related parties		
Trading in nature:		
– Fellow subsidiaries	**2,976,835**	2,792,535
– Associates	**265,346**	622,336
– Immediate holding company	**794**	–
– Non-controlling interests of subsidiaries	**422,045**	555,015
	3,665,020	3,969,886
Non-trading in nature:		
– Fellow subsidiaries	**1,855,224**	1,557,711
– Associates	**1,149,708**	4,878,261
– Immediate holding company	**77**	46
– Non-controlling interests of subsidiaries	**741,444**	684,523
	3,746,453	7,120,541
	7,411,473	11,090,427

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

27. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Amounts due from/(to) related parties: *(Continued)*

	30 June 2015 *RMB'000* (unaudited)	31 December 2014 *RMB'000* (audited)
Amounts due to related parties		
Trading in nature:		
– Fellow subsidiaries	**1,029,956**	442,306
– Associates	**901,326**	205,205
– Immediate holding company	**4,958,270**	3,233
– Non-controlling interests of subsidiaries	**655,923**	590,421
	7,545,475	1,241,165
Non-trading in nature:		
– Fellow subsidiaries	**61,864**	86,877
– Associates	**208,362**	15,065
– Immediate holding company	**63**	213
– Non-controlling interests of subsidiaries	**262,200**	370,511
	532,489	472,666
	8,077,964	1,713,831

The carrying amounts of amounts due from and to related parties approximate to their fair values. All amounts are unsecured and repayable on demand. The trading nature portion of amounts due from and to related parties is aged within one year.

As at 30 June 2015, amounts due from related parties of approximately RMB2,943.77 million (31 December 2014: approximately RMB6,402.89 million) carry the fixed interest rate of 6.00% (31 December 2014: 6.00%) per annum. The remaining balances of amounts due from related parties are interest-free.

As at 30 June 2015, amounts due to related parties of approximately RMB1,255.95 (31 December 2014: approximately RMB652.83 million) carry the fixed interest rate of 6.00% (31 December 2014: 6.00%) per annum. The remaining balances of amounts due to related parties are interest-free.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(CONTINUED)*

FOR THE SIX MONTHS ENDED 30 JUNE 2015

27. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(c) Transactions and balances with other state-owned enterprises in the PRC

During the six months ended 30 June 2015, the Group's significant transactions with other state-owned enterprises (excluding the Parent Group) are a large portion of its sales of goods and purchases of raw materials. In addition, substantially all bank deposits, cash and cash equivalents and borrowings as of 30 June 2015 and the relevant interest earned or paid during the period are transacted with banks and other financial institutions controlled by the PRC government. In establishing its pricing strategies and approval process for its products and services, the Group does not differentiate whether the counter-party is a state-controlled enterprise. In the opinion of the directors, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

(d) Remuneration to key management

The key management personnel compensations during the six months ended 30 June 2015 are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short term benefits	**3,308**	3,514
Share based payments	**–**	–
Post-employment benefits	**97**	100
	3,405	3,614

28. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated interim financial information set out on pages 52 to 100 have been approved and authorised for issue by the Board of Directors on 24 August 2015.