CNBM

China National Building Material Company Limited*

(Stock Code: 3323)

2015

Annual Report 年度報告

* For identification only

Financial and Business Highlights

	As at 31 December 2015	2014 (RMB in millions)	Growth rate
Bank balances and cash	**10,580**	10,291	2.8%
Total assets	**329,788**	316,482	4.2%
Equity attributable to equity holders of the Company	**41,898**	40,573	3.3%
Earnings per share-basic *(RMB)*	**0.19**	1.10	-82.8%

	For the year ended 31 December 2015	2014 (RMB in millions)	Growth rate
Revenue	**100,292**	122,011	-17.8%
Profit after taxation	**2,793**	8,672	-67.8%
Profit attributable to equity holders of the Company	**1,019**	5,920	-82.8%
Net cash flows from operating activities	**8,302**	15,169	-45.3%
Sales volume of cement and clinker *(in thousand tonnes)*	**279,556**	291,194	-4.0%
– China United	**63,109**	67,794	-6.9%
– South Cement	**114,301**	116,749	-2.1%
– North Cement	**18,689**	22,753	-17.9%
– Southwest Cement	**81,821**	82,162	-0.4%
Commercial concrete sales volume *(in thousand m^3)*	**71,199**	87,054	-18.2%
– China United	**29,010**	35,193	-17.6%
– South Cement	**37,503**	46,385	-19.1%
– North Cement	**2,422**	2,180	11.1%
– Southwest Cement	**1,044**	1,253	-16.7%
Gypsum board *(in million m^2)*	**1,446**	1,437	0.6%
Revenue from engineering service *(RMB in millions)*	**7,998**	7,628	4.8%
Rotor blade *(in blade)*	**6,540**	4,564	43.3%
Glass fibre yarn *(in thousand tonnes)*	**1,062**	1,021	4.0%
Selling price			
Cement sold by China United *(RMB per tonne)*	**195.5**	257.3	-24.0%
Clinker sold by China United *(RMB per tonne)*	**165.9**	230.4	-28.0%
Commercial concrete sold by China United *(RMB per m^3)*	**287.6**	313.2	-8.2%
Cement sold by South Cement *(RMB per tonne)*	**212.1**	249.5	-15.0%
Clinker sold by South Cement *(RMB per tonne)*	**159.4**	217.4	-26.7%
Commercial concrete sold by South Cement *(RMB per m^3)*	**312.2**	341.5	-8.6%
Cement sold by North Cement *(RMB per tonne)*	**289.1**	322.1	-10.2%
Clinker sold by North Cement *(RMB per tonne)*	**206.6**	258.0	-19.9%
Commercial concrete sold by North Cement *(RMB per m^3)*	**314.6**	360.9	-12.8%
Cement sold by Southwest Cement *(RMB per tonne)*	**230.7**	254.2	-9.2%
Clinker sold by Southwest Cement *(RMB per tonne)*	**196.2**	229.8	-14.6%
Commercial concrete sold by Southwest Cement *(RMB per m^3)*	**253.9**	285.4	-11.0%
Gypsum board			
– BNBM *(RMB per m^2)*	**6.18**	6.65	-7.1%
– Taishan Gypsum *(RMB per m^2)*	**4.12**	4.58	-10.0%
Rotor blade *(RMB per blade)*	**383,900**	383,700	0.1%

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This Annual 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 have been 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 gaining access to 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 choice of the means of receipt of the Corporate Communications (either in printed form or via the Company Website).

Shareholders may send their requests at any time to receive the Annual Report and/or to change their choice of the means of receipt of the 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 Profile

With Parent, BNBMG, CNBM Trading, Cinda and Building Materials Academy as Promoters, the Company was converted into a joint stock limited company on 28 March 2005. The Company's H shares under the initial public offering were listed on the Stock Exchange on 23 March 2006 (Stock Code: 3323) and approximately 150 million H shares, 300 million H shares and 240 million H shares were placed on 9 August 2007, 5 February 2009 and 14 September 2010, respectively. The Company issued bonus shares on 13 June 2011 on the basis of ten bonus shares to be issued for every ten shares held by the Shareholders. As at 31 December 2015, the Company has a total issued share capital of 5,399,026,262 Shares.

The Group is mainly engaged in cement, lightweight building materials, glass fibre, composite materials and engineering services businesses. As regards the current market positions (in terms of the production capacity in 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 the PRC;
- a leading glass fibre 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.

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)*
Zeng Xuan *(Staff Representative Supervisor)*

Secretary of the Board	:	Chang Zhangli
Joint Company Secretaries	:	Chang Zhangli Lo Yee Har Susan (FCS, FCIS)
Authorized Representatives	:	Song Zhiping Chang Zhangli
Alternate Authorized 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
Postal Code	:	100036

Corporate Information *(Continued)*

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 1 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 Cultural 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 Website:	:	http://cnbm.wsfg.hk www.cnbmltd.com

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

"Baker Tilly China"	天職國際會計師事務所(特殊普通合夥)) (Baker Tilly China Certified Public Accountants)
"Baker Tilly HK"	天職香港會計師事務所有限公司 (Baker Tilly Hong Kong Limited)
"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 Fiberglass"	中國玻纖股份有限公司 (China Fiberglass Company 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)
"Company Law"	the Company Law of the PRC
"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 directors 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
"Dual Simplification"	simplified organization and capable personnel
"Eight Working Methods"	"Five C", KPI management, counselor system, benchmark management and optimization, "PCP", core profit-generating regions, market competition and cooperation, zero inventory
"Entanglement of three stages"	simultaneously with the slowdown in economic growth, making difficult structural adjustments, and absorbing the effects of the previous economic stimulus policies
"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)

"EPC"	turn-key project services that include design, procurement and construction etc.
"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"	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$
"Hong Kong Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"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
"Independent Third Party(ies)"	person(s) or company(ies) which is (are) independent of the directors, supervisors, controlling shareholder, substantial shareholder and the chief executive (such terms as defined in the Listing Rules) of the Company or any of its subsidiaries or an associate of any of them

Definitions *(Continued)*

"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"	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)
"North Cement"	北方水泥有限公司 (North Cement Company Limited)
"Northern China"	including (but not limited to) Heilongjiang, Jilin and Liaoning
"Non-Competition Agreement"	the non-competition agreement dated 28 February 2006 entered into between the Company and the Parent, which is stated on pages 155 to 157 of the prospectus of the Company
"NSP"	cement produced by clinker made through the new suspension preheater dry process
"Parent"	中國建築材料集團有限公司 (China National Building Material Group Corporation)

"'PCP'"	PCP, being 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 initial promoters of the Company, being the Parent, BNBMG, Cinda, the Building Materials Academy and the 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 31 December 2015
"RMB"or "Renminbi"	Renminbi yuan, the legal 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 the Domestic Shares and the H Shares
"Shareholder(s)"	holder(s) of Share(s)
"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)

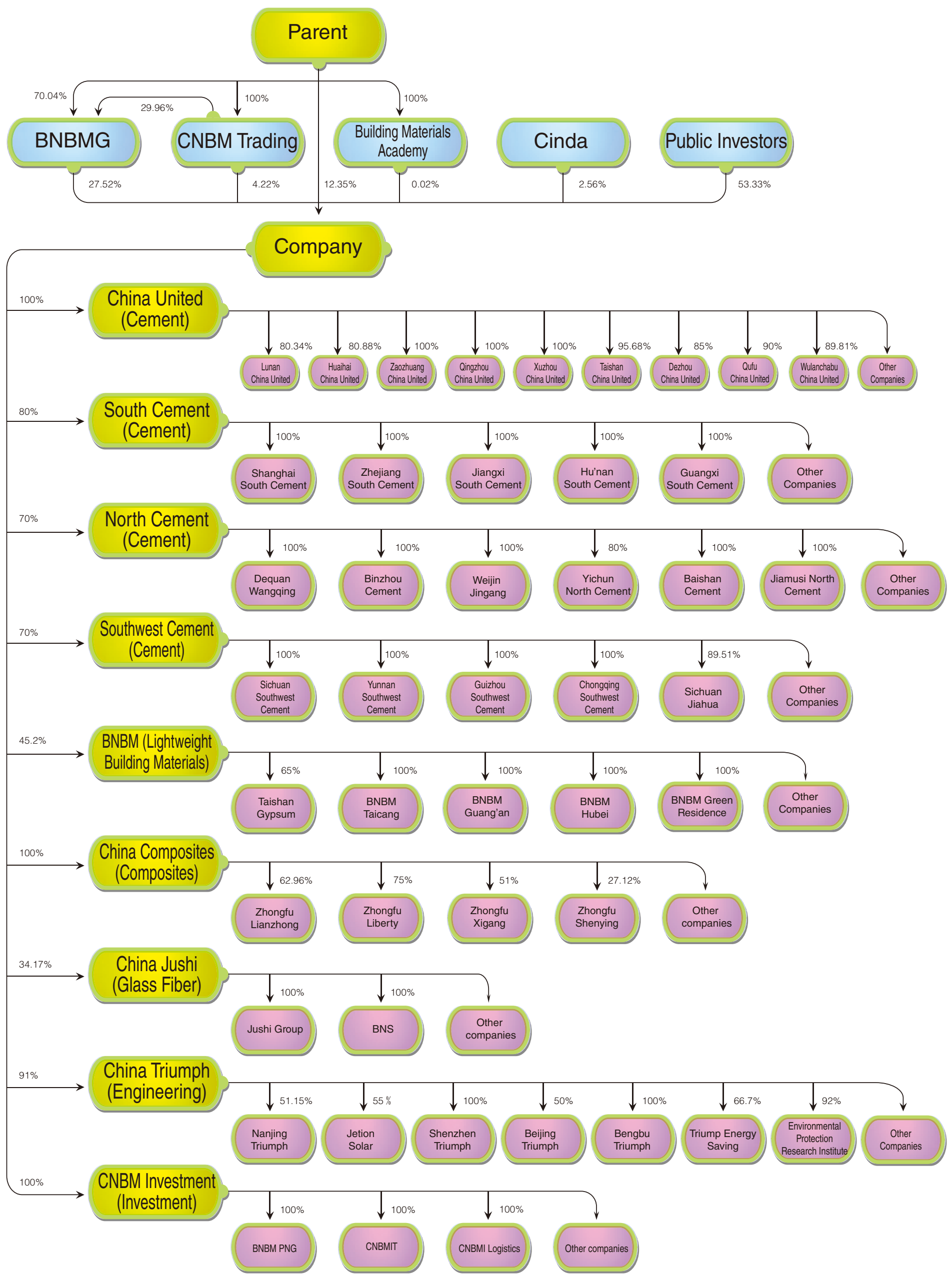
Definitions *(Continued)*

"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"	including but not limited to Sichuan, Yunnan, Guizhou and Zhongqing
"Southwest Cement"	西南水泥有限公司 (Southwest Cement Company Limited)
"State" or "PRC Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee
"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
"3-level procurement"	collective procurement by headquarters, regional procurement and self-procurement by enterprises
"Three New"	new building materials, new homes, and new energy materials
"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"	連雲港中複連衆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責任公司 (Zhongfu Shenying Carbon Fiber Company Limited)
"Zhongfu Xigang"	威海中複西港船艇有限公司 (Weihai Zhongfu Xigang Ship Co., Ltd)
"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 31 December 2015 is set out as below:



Note: The aforementioned percentages are rounded to 2 decimal places.

Due to being rounded, the total percentage of shareholdings may be discrepant with the total amount.

In August 2015, the Parent increased its shareholding of H Shares of the Company by 8.536 million shares, accounting for 0.16% of the total share capital.

As at 7 January 2016 China Jushi completed the non-public issuance of Renminbi ordinary shares (A shares) and the shareholding percentage of the Company was changed to 26.97%.

As at the date of this report, the Company contributed 93.09% of the paid-up capital of China Triumph. Upon completion of the capital contribution by all the shareholders, the Company's equity interest in China Triumph will be 91%.

Financial Highlights

The summary of financial results of the Group for 2015 and 2014 is as follows:

	For the year ended 31 December **2015**	2014
	(RMB in thousands)	
Revenue	**100,291,587**	122,011,222
Gross profit	**24,619,064**	33,278,994
Profit after taxation	**2,792,655**	8,671,647
Profit attributable to equity holders of the Company	**1,019,361**	5,919,541
Distribution made to the equity holders of the Company	**890,839**	863,844
Earnings per share basic *(RMB)*(1)	**0.19**	1.10

Note:

(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 2014 and the weighted average number of 5,399,026,262 shares for 2015.

	As at 31 December **2015**	2014
	(RMB in thousands)	
Total assets	**329,787,934**	316,481,826
Total liabilities	**256,326,657**	249,504,595
Net assets	**73,461,277**	66,977,231
Non-controlling interests	**21,567,939**	21,404,205
Equity attributable to equity holders of the Company	**41,898,475**	40,572,901
Net assets per share weighted average *(RMB)*(1)	**7.76**	7.51
Debt to assets ratio(2)	**53.0%**	55.9%
Net debts/equity ratio(3)	**223.7%**	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 2015.

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

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

Business Highlights

The major operating data of each segment of the Group for 2015 and 2014 are set out below:

CEMENT SEGMENT

China United

	For the year ended 31 December	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**48,300**	50,830
Production volume-clinker *(in thousand tonnes)*	**51,750**	56,820
Sales volume-cement *(in thousand tonnes)*	**43,753**	44,703
Sales volume-clinker *(in thousand tonnes)*	**19,356**	23,091
Unit selling price-cement *(RMB per tonne)*	**195.5**	257.3
Unit selling price-clinker *(RMB per tonne)*	**165.9**	230.4
Sales volume-commercial concrete *(in thousand m^3)*	**29,010**	35,193
Unit selling price-commercial concrete *(RMB per m^3)*	**287.6**	313.2

South Cement

	For the year ended 31 December	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**96,258**	102,589
Production volume-clinker *(in thousand tonnes)*	**88,544**	95,151
Sales volume-cement *(in thousand tonnes)*	**90,649**	90,895
Sales volume-clinker *(in thousand tonnes)*	**23,652**	25,854
Unit selling price-cement *(RMB per tonne)*	**212.1**	249.5
Unit selling price-clinker *(RMB per tonne)*	**159.4**	217.4
Sales volume-commercial concrete *(in thousand m^3)*	**37,503**	46,385
Unit selling price-commercial concrete *(RMB per m^3)*	**312.2**	341.5

CEMENT SEGMENT *(CONTINUED)*

North Cement

	For the year ended 31 December	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**16,809**	18,956
Production volume-clinker *(in thousand tonnes)*	**11,341**	15,697
Sales volume-cement *(in thousand tonnes)*	**16,838**	19,200
Sales volume-clinker *(in thousand tonnes)*	**1,851**	3,552
Unit selling price-cement *(RMB per tonne)*	**289.1**	322.1
Unit selling price-clinker *(RMB per tonne)*	**206.6**	258.0
Sales volume-commercial concrete *(in thousand m^3)*	**2,422**	2,180
Unit selling price-commercial concrete *(RMB per m^3)*	**314.6**	360.9

Southwest Cement

	For the year ended 31 December	
	2015	2014
Production volume-cement *(in thousand tonnes)*	**79,773**	78,902
Production volume-clinker *(in thousand tonnes)*	**57,906**	60,393
Sales volume-cement *(in thousand tonnes)*	**79,539**	79,154
Sales volume-clinker *(in thousand tonnes)*	**2,282**	3,009
Unit selling price-cement *(RMB per tonne)*	**230.7**	254.2
Unit selling price-clinker *(RMB per tonne)*	**196.2**	229.8
Sales volume-commercial concrete *(in thousand m^3)*	**1,044**	1,253
Unit selling price-commercial concrete *(RMB per m^3)*	**253.9**	285.4

Business Highlights *(Continued)*

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

	For the year ended 31 December	
	2015	2014
Gypsum boards – BNBM		
Production volume *(in million m^2)*	**227.8**	229.9
Sales volume *(in million m^2)*	**227.2**	235.0
Average unit selling price *(RMB per m^2)*	**6.18**	6.65
Gypsum boards – Taishan Gypsum		
Production volume *(in million m^2)*	**1,242.8**	1,193.6
Sales volume *(in million m^2)*	**1,219.1**	1,202.2
Average unit selling price *(RMB per m^2)*	**4.12**	4.58

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT

	For the year ended 31 December	
	2015	2014
Rotor blade		
Production volume *(in blade)*	**6,719**	4,656
Sales volume *(in blade)*	**6,540**	4,564
Average unit selling price *(RMB per blade)*	**383,900**	383,700

Dear Shareholders,

In 2015, with the slowdown in economic growth, making difficult structural adjustments, and difficult conversion of kinetic energy in the PRC intertwining with each other, there is an existence of both shortage of effective demand and effective supply, creating a notable structural contradiction. The PRC's fixed asset investment increased by 10% as compared with the same period last year, accounting for a drop of 5.7 percentage points year-on-year; among which, infrastructure construction increased by 17.2% as compared to the same period last year, accounting for a drop of 4.3 percentage points year-on-year; and investment in real-estate development increased by 1.0% as compared with the same period last year, accounting for a drop of 9.5 percentage points year-on-year. As a result, an obvious drop in the demand for building material industry. Cement industry has recorded a first decline in 25 years, accounting for a decline of 5.3% year-on-year.

In 2015, under the Board's precise decision-making and leadership, the management team led our staff through various pressure and challenges including the economic downturn, the in-depth adjustment in the industry, the significant imbalance between the supply and demand, the intensification of overcapacity, significant drop in price, malignant competition etc. to overcome difficulties based on the principle of "integration and optimization, profit raising and gearing reduction" by timely adjusting the operating strategy and comprehensively carrying out various works including market promotion, management integration and reform and upgrade. According to IAS, for the year 2015, the Group's consolidated operating revenue amounted to RMB100,291.6 million, representing a decrease by17.8% as compared to the same period last year whereas the profit attributable to equity holders of the Company amounted to RMB1,019.4 million, representing a decrease by 82.8 % as compared to the same period last year. With its unity, endeavours and burdens of the management and the entire staff in the last year, our results were hard-earned. Meanwhile, I hereby express my heartfelt gratitude to all our Shareholders for their lasting trust and great support.

On behalf of the Board, I am pleased to present the Company's 2015 Annual Report and major results to you.

The year of 2015 is a significant year for the Company in terms of both renovation and innovation, and transformation and upgrading as well as a striving year that we both seek progress and overcome difficulties. Under the "Entanglement of three stages" in the PRC economy, CNBM proactively responded to the complex situation including the increasing pressure brought by the current economic downturn, with an in-depth integration of traditional industry. For the cement segment, it endeavored to overcome the extreme difficulties including the drop in sales volume, price and profit, comprehensively implemented high-level and meticulous co-opetition and promoted staggering production and kiln suspension and limited production in order to stabilize the price, increase the sales volume and safeguard the market share by all possible means while working on the supply and mitigating the imbalance between supply side and demand and promoting the stability of the price; promoted the reformation and upgrade, proactively explored the smart production pattern, further strengthened the core profit-making fields, safeguarding the market's health and pushed the development towards a four-modernization direction of "high-grade oriented, specialty oriented, ready-mixed concrete oriented and cement products oriented". For the non-cement segment, CNBM developed "three new" businesses bringing the gypsum board business, glass fibre business, rotor blade business, carbon fibre and solar photovoltaic to a new stage.

The entire Company captured the deep management integration, implemented "Eight Working Methods", established "Six-star Enterprise", formulated "methods of increasing, saving and reducing", continuously implemented cost and expense control plan and reduced cost through various means including procurement centralization, energy conservation and consumption reduction and technical update. The Company adhered to the principle of "simplified organization and capable personnel" and deeply pushed forward the "Four Reduction" work, namely hierarchy reduction, organization reduction, excess staff reduction and vehicle reduction in order to further upgrade the cost competitiveness and organization competitiveness.

In the coming year, we will cohesively embrace opportunities and challenges with a strong confidence.

The year 2016 is the first year of the "Thirteenth Five-year Plan" of the PRC. The central government of the PRC will adhere to the general tone of making progress while ensuring stability. The anticipated target of the growth in GDP is expected to be about 6.5–7%, which should provide support to the demand in the building materials market. The "Thirteenth Five-year Plan" is an important period for transformation and structure adjustment. As the plateau of the new normal will continue for a long term and the in-depth adjustment in building material industry, the situation of the industry will remain severe and the imbalance of overcapacity will remain significant. Meanwhile, the "Thirteenth Five-year Plan" is also a rare bridging period of market plateau and a prime transformation period. On the one hand, the central government of the PRC is vigorously promoting the production capacity of cement industry, containing the blind expansion of the production capacity of cement industry by strictly enforcing the mandatory standards of energy consumption quota and pollutants emission, and constantly promoting the peak production of cement clinker in a comprehensive way in the heating season in northern heating areas. On the other hand, the central government of the PRC is enhancing the structural reformation of the supply side, pushing forward the reorganization of business, disposal of "zombie companies", reduction of tax cost for enterprises and substantial actions and measures including encouraging the development of real economy and cultivating carbon emission market. The relationship between supply and demand is expected to improve. At the same time, in order to achieve the goal towards economic development, the central government of the PRC will thoroughly search for the potentials of the domestic demand by adopting new mindset and measures and boost the demand for building material industry.

In 2016, facing the opportunities and challenges, the Group will comprehensively push forward the "quality and efficiency enhancement and transformation and upgrade", take "profit and efficiency as the first priority" as the principle, grasp the five main lines of "price stabilization, cost reduction, receivables collection, inventory control and adjustment", adhere to the principle of"preparation, meticulosity, refinement, solidity", endeavor to accomplish "Four Execution & Four Control" and "Four Increase & Four Reduction", organize management activities under the theme of strengthening internal management, augment its cadre, culture, "Dual Simplification" and benchmarking, endeavor to upgrade the management standard and repay the Shareholders and society with the financial results in full effort.

Song Zhiping
Chairman of the Board

Beijing, the PRC
25 March 2016

BUSINESS OVERVIEW

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

Business segments	Major products and services	Major operating entities attributable to the Company	Direct and indirect equity interests held by the Company
Cement	NSP cement and commercial concrete	China United	100.00%
		South Cement	80.00%
		North Cement	70.00%
		Southwest Cement	70.00%
Lightweight building materials	Dry wall and ceiling system	BNBM	45.20%
Glass fibre and composite materials	Rotor blades	China Composites	100.00%
	Glass fibre	China Jushi	26.97%
Engineering services	Design and engineering EPC services: Float glass production lines and NSP cement production lines	China Triumph	91.00%

Note:

(1) As at the date of this report, the Company contributed 93.09% of the paid-up capital of China Triumph. Upon completion of the capital contribution by all shareholders, the Company's equity interest in China Triumph shall be 91%.

In 2015, the Group endeavored to overcome numerous difficulties brought by the decrease in demand, severe overcapacity and significant drop in price, and comprehensively promote the production and operation, deep management integration, acceleration of transformation and upgrade based on the four fundamental principles, namely "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". In 2015, the total sales volume of cement and clinker decreased by 4.0% year on year to 279.6 million tonnes, commercial concrete sales volume decreased by 18.2% year on year to 71.2 million m^3, gypsum board sales volume increased by 0.6% year on year to 1,446 million m^2, glass fibre total sales volume increased by 4.0% year on year to 1.06 million tonnes; The revenue of the Group decreased by 17.8% year on year to RMB100,291.6 million and the profit attributable to the equityholders of the Company decreased by 82.8% year on year to RMB1,019.4 million.

CEMENT SEGMENT

In 2015, under the increasing pressure brought by the national economy decline, the downturn of fixed asset investment, the sluggish performance of infrastructure construction and cliff-like decline in real-estate investment, the demand for cement experienced the first significant negative growth in the last 25 years. As a result, the national cement production decreased by 5.3% year on year to 2.36 billion tonnes, indicating the demand for cement reached a plateau. The overall national cement price was in a downward trend and the industry was stuck in difficult situation of significant profit decline, resulting in continuously low capacity utilization.

The central government of the PRC highly valued the solution for overcapacity in the cement industry and was determined to suppress newly-added production capacity and eliminate obsolete production capacity. Besides, the state increasing valued the treatment for air pollution, pushed forward paced production in certain regions and continuously encouraged enterprises to conserve energy and reduce emissions and intensify the elimination through mandatory pollutant emission standard. In 2015, the investment in the cement industry of China decreased by 11.02% year on year. The newly-added production capacity of clinkers was 49.45 million tonnes, representing a year-on-year decrease by 30%, with a total phased out obsolete cement production capacity of approximately 38 million tonnes. Meanwhile, the central government of the PRC further launched tax preferential policies and supported merging and reorganization of enterprises and optimize the market environment in order to enhance industry integration and further increase industry concentration, while the total market shares of 58% concentration of the top ten cement companies. (source of information: NBS, MIIT and China Cement Association)

In 2015, the Group proactively responded to the challenges including the decrease in the demand of the cement industry, price drop, overcapacity, imbalance between supply and demand, insisted on the business ideology of "PCP", further executed the principle of "integration and optimization, profit raising and debt reduction", proactively push forward the determination of sales based on demand and the determination of production based on sales and paced production and strictly executed kiln suspension resulting in a mitigation for the imbalance between the supply and demand in certain extend; closely monitored KPI, actively advocated industry self-regulation, comprehensively pushed forward high-level and meticulous co-opetition and deeply strengthened lean production and delicacy management; innovated reorganization pattern, enhanced resources integration, accelerated the development of "Four Modernizations" of cement and pursued the transformation and upgrade of cement industry. As of the end of 2015, the production capacity of cement reached 407 million tonnes.

CEMENT SEGMENT *(CONTINUED)*

China United

China United adhered to the "PCP" business ideology and regional implementation of policies, and put effort on suppressing significant drop of the price; proactively push forward the marketing innovation, solidified the existing market and mainly focused on developing the market of villages and rural areas.

Comprehensively pushing forward the in-depth management integration produced a marked effect of "Four Reduction". Through optimizing governance structure of subsidiaries and establishing small regional cooperation mechanism, it pushed forward management compression; implemented the platform-based integration of the management of commercial concrete companies and established the "management platform + mixing station" organization model; downsized the institution and staff and constantly improved the work performance through three levels, namely headquarter, operation management area and enterprise; pushed forward the vehicle reform to reduce expenses and increase profit; firmly grasped the account receivables, implemented responsibility system and established regulatory management through systems; reasonably controlled inventory and lowered the opportunity of fund misappropriation.

By promoting technological innovation and energy conservation and emission reduction, Tai'an China United was honored as the "smart manufacturing pilot demonstrated enterprise" by the MIIT; it pushed forward the extension of industrial chain and speeded up the expansion of its presence in aggregate business which increased the overall profit. As of the end of 2015, the cement production capacity reached 103 million tonnes.

South Cement

South Cement adhered to the business ideology of "PCP", strengthened the management of the supply side, advocated industry self-regulation and normalization of production restriction, endeavored to resolve the difficult situation of the downturn of price and maintained the stability of the market share; pushed forward high-level and meticulous co-opetition with full effort and devoted every effort to stabilized the price, increased the sales volume and safeguarded the market share.

It deeply pushed forward the in-depth management integration, implemented market setback mechanism and reduced cost in all aspects. It enhanced the collective management of procurement and reduced the purchase price of raw materials and fuel; comprehensively implemented "Four Reduction" work, constantly optimized the "Three Formulations" plan and increased the labor productivity; enhanced the collective management of financing; strengthened the capital budget and optimized the financial structure to reduce financial cost; strengthened the clearance and collection efforts of receivables and strengthened the inventory management of spare parts.

Initial success was achieved for the investigation of operational model of commercial concrete. South Cement continued to promote optimization of upgrading project construction and mine resources integration, thereby further enhancing integrated competitiveness and sustainable development ability of the enterprise. As of the end of 2015, production capacity of cements reached 149 million tonnes.

CEMENT SEGMENT *(CONTINUED)*

North Cement

Encountering the atypical and severe market conditions in north eastern area, North Cement insisted on the "PCP" business ideology without waver, actively promoted normalization of paced production, and comprehensively carried forward high level and meticulous co-opetition to jointly maintain benefits for the industry. "One District, One Policy" system is adopted in sales and marketing to actively develop blind spots in the market for the enhancement of market concentration.

North Cement seized to promote deep management integration, integrated regional layouts and reduced the number of management zones in accordance with the principles of simplified organization and capable personnel, promoted "Four Reduction" in an all-round manner to achieve maximization of market profit in the core profit zone, adequately leveraged the advantages of scale and regional integration, achieved centralization of material procurement, centralization of financial management, centralization of production technology management and centralization of commercial concrete management, and enhanced management and control of account receivables and inventory to enhance quality of receivables collected.

North Cement further integrated mine resources and logistics of clinker. As of the end of 2015, production capacity of cements reached 32.47 million tonnes.

Southwest Cement

Southwest Cement adhered to the "PCP" business ideology to guide the adjustment of supply side, and insisted on high-level and meticulous co-opetition to bring points to surface and carried out integration, optimized sales and marketing system, and innovated sales channels to improve sales volume.

Southwest Cement continued to promote deep management integration to further optimize "3-level procurement" system by setting raw materials procurement as a core. Southwest Cement continued to optimize the centralized procurement process to increase the rate of direct supply so as to further reduce procurement costs, and continued to strengthen lean production to constantly optimize the production technology indicators. "Four Reduction" was commenced in an orderly manner. By optimizing "Three Formulations", the labor production rate and management rate were effectively improved. Southwest Cement strengthened financial centralization and internal control to reduce financial costs, optimized credit granting system, strengthened accountability and assessment to obtain significant results in account receivables management, fully "solidified" and promoted "zero inventory procurement" to enhance capital turnover rate.

Southwest Cement strengthened technological innovation, successfully carried out the application of HLC in low heat cement to accelerate transformation and upgrading, continued to promote special cements and make further improvement, and achieved differentiated and personalized services to strengthen the sustainability of the enterprise. As of the end of 2015, production capacity of cements reached 120 million tonnes.

LIGHTWEIGHT BUILDING MATERIALS SEGMENT

BNBM actively encountered the tremendous changes in the current market conditions, comprehensively promoted the transformation and upgrading of sales system, expanded household installation retails and innovation market on the basis of traditional sales market of project construction and channel distribution, further pushed forward the reform of housing property wall; and insisted on the strategy of commanding height. Following hosting the meeting of APEC, it cooperated with G20 summit to carry out construction of the main conference hall. All adopted in the main conference hall was Dragon anti-formaldehyde gypsum board and light steel framed wall and ceiling system, and enhanced technological innovation. Independent research and development of tough and lightweight technology are the key technology to solve the problem of reduction in unit weight but there was no reduction in the strength of board and the toughness for holding nails, leading to further reduction in costs and promotion of profit. BNBM strengthened technological innovation of application, researched and developed diversified application system, seizing the prominent position in the industry.

CNBM started the “Four Reduction” task to streamline the company and personnel in an all-round manner, and comprehensively implemented cost reduction plan to achieve cost reduction and enhancement of profit, and strengthened the management of account receivables and inventory to reduce fund misappropriation.

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT

Composite materials business

China Composites seized the structural adjustment and favourable recovery in the wind power industry to further deepen the cooperation with major clients, strived to implement innovative driving strategies, actively carried out research and development for new products, and struggled to tap into overseas market. The sales percentage of high-power blades were recorded continuous increase, while technology of high-end carbon fibre became sophisticated, resulting in further improvement on market shares in the PRC. China Composites aimed to seize the prominent position, and the first 6MW carbon fibre blade of high-power rotor blade 68 meters with core intellectual rights in the PRC was successfully launched, becoming the longest blade in the Asia in terms of diameter of the root part, which laid a solid foundation for the domestication of high-power wind power generators.

China Composites continued to promote deep management integration to achieve quality improvement and efficiency enhancement, strengthened the collection of account receivables, inventory and funds, and lowered costs while enhancing profit, thereby increasing the efficiency of capital utilization.

GLASS FIBRE AND COMPOSITE MATERIALS SEGMENT *(CONTINUED)*

Glass fibre business

China Jushi adopted to market demands and seized market opportunities to comprehensively promote refined management and achieve orderly production, efficiency enhancement, stable quality and cost reduction; it continuously optimized project management method of “increasing, saving and reducing” (“增節降”項目制管理法) and strictly implemented the energy conservation and emission reduction to further reduce costs and increase efficiency; the Company continued to accelerate the adjustment to product structure, stuck to high-end product strategy to increase the proportion of high-end products; it maintained differentiated and featured production to continually improve its competitive strength; safeguard the interests of the existing market and customers and actively develop new markets and customers to improve strategic layout continuously.

The Company adhered to “Going out” strategy. The economic effect and social benefits of the production line of Egypt Phase I were significant. An annual capacity of 80,000 tonnes production line of glass furnace in Egypt is under construction.

ENGINEERING SERVICES SEGMENT

China Triumph grasped the opportunities of industrial upgrade and the “One Belt, One Road” strategy proposed by the State to speed up the overseas layout of new energy businesses including glass, cement engineering and photovoltaic businesses, and proactively promoted the international cooperation of production capacity. It continued to strengthen the upgrade and transformation of traditional glass for glass engineering business based on the principle of “sophistication, power and optimization” (做精、做强、做優) and actively explored high-end glass engineering technology market. Therefore, its shares in the international market were increased continuously; for cement engineering business, the Company strived to become stronger through optimizing its businesses and innovated its operating models of overseas engineering projects on an on-going basis so as to further expand international market. It achieved profitability of overseas engineering business in the long run; the Company promoted the development of new energy engineering business, vigorously pressed ahead with business expansion, operation and management of photovoltaic power station project and consolidated the resources advantages of integrated design and manufacturing platform and photovoltaic integration through capitalizing on synergistic advantages of internal industrial chains. Overseas promotion of CNBM Green Town was effectively carried out.

The Company enhanced technological innovations, promoted the construction of technological platform and the combination of industry, academy and research and concentrated on integrated development of industrial high-end technologies. The achievements of technological research supported the transformation and upgrade of the enterprise and the industry; promoted in-depth integration of management, enhanced quality while increasing efficiency, strengthened refined management and realized cost reduction and profit enhancement.

FINANCIAL REVIEW

Revenue of the Group decreased by 17.8% to RMB100,291.6 million in 2015 from RMB122,011.2 million during 2014. Profit attributable to equity holders decreased by 82.8% to RMB1,019.4 million in 2015 from RMB5,919.5 million during 2014.

Revenue

Our revenue decreased by 17.8% to RMB100,291.6 million in 2015 from RMB122,011.2 million during 2014. The major reason was that the revenue of South Cement decreased by RMB9,432.7 million, revenue of China United decreased by RMB7,736.5 million, revenue of Southwest Cement decreased by RMB2,109.3 million, revenue of North Cement decreased by RMB1,876.2 million, revenue from the lightweight building materials segment decreased by RMB584.7 million, but they were partially offset by the increase in revenue of the glass fibre and composite materials segment amounting to RMB658.7 million and the increase in revenue of Engineering services segment amounting to RMB369.4 million.

Cost of sales

Our cost of sales decreased by 14.7% to RMB75,672.5 million in 2015 from RMB88,732.2 million during 2014. The major reason was that the cost of sales of South Cement of the Group decreased by RMB5,552.4 million, the cost of sales of China United decreased by RMB4,400.7 million, the cost of sales of North Cement decreased by RMB1,177.2 million, the cost of sales of Southwest Cement decreased by RMB957.9 million, the cost of the lightweight building materials segment decreased by RMB626.5 million, but they were partially offset by the increase in the cost of sales of the glass fibre and composite materials segment amounting to RMB471.4 million,the increase in the cost of sales of engineering services segment amounting to RMB218.4 million.

Other income

Other income of the Group increased by 27.1% to RMB6,295.5 million in 2015 from RMB4,954.9 million during 2014. This was primarily due to the government grants increased from RMB1,560.8 million in 2014 to RMB3,444.3 million in 2015, a net gain from change in fair value of financial assets at fair value through profit or loss of the Group increased from RMB316.7 million in 2014 to RMB438.7 million in 2015, but they were partially offset by the decrease in the VAT refunds from RMB2,094.1 million in 2014 to RMB1,281.3 million in 2015.

Selling and distribution costs

Selling and distribution costs decreased by 8.4% from RMB7,760.4 million in 2014 to RMB7,109.8 million in 2015. The major reasons for such decrease were a decrease of RMB422.9 million in transportation costs, a decrease of RMB146.1 million in labor costs, a decrease of RMB96.1 million in expenses for business trips, and a decrease of RMB57.3 million in the expenses for packaging fees.

FINANCIAL REVIEW *(CONTINUED)*

Administrative expenses

Administrative expenses increased by 5.0% to RMB9,498.5 million during 2015 from RMB9,049.3 million in 2014. This was primarily due to an increase of RMB391.2 million in impairment of goodwill, an increase of RMB193.3 million in research and development expenses, an increase of RMB149.4 million in depreciation and amortisation of intangible assets, but they were partially offset by a decrease of RMB154.2 million in labour costs.

Finance costs

Finance costs decreased by 3.0% to RMB10,532.2 million in 2015 from RMB10,856.6 million in 2014, primarily due to the decrease in interest rates of borrowings.

Share of profits of associates

Our share of profit of associates decreased by 66.4% to RMB331.2 million in 2015 from RMB985.4 million in 2014, primarily due to a decrease in profits of our associated companies in the cement business, but partially offset by an increase in the profit of China Jushi, an associate of the Group.

Income tax expense

Income tax expense decreased by 54.4% to RMB1,312.6 million in 2015 from RMB2,881.4 million in 2014, primarily due to the decrease in profit before taxation.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 46.5% to RMB1,447.7 million in 2015 from RMB2,707.0 million in 2014, primarily due to the decrease in operating profit in cement segment and light weight building materials segment.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by 82.8% to RMB1,019.4 million in 2015 from RMB5,919.5 million in 2014. Net profit margin decreased from 4.9% in 2014 to 1.0% in 2015.

FINANCIAL REVIEW *(CONTINUED)*

China United

Revenue

Revenue from China United decreased by 27.8% to RMB20,106.1 million in 2015 from RMB27,842.6 million in 2014, mainly attributable to the decrease in selling price and sales volume of cement products and commercial concrete.

Cost of sales

Cost of sales from China United decreased by 21.9% to RMB15,716.0 million in 2015 from RMB20,116.7 million in 2014, mainly attributable to the decrease in sales volume of cement products and commercial concrete and the decrease in coal prices.

Gross profit and gross profit margin

Gross profit from China United decreased by 43.2% to RMB4,390.1 million in 2015 from RMB7,725.9 million in 2014. Gross profit margin of China United decreased from 27.7% in 2014 to 21.8% in 2015. The decrease in gross profit margin was mainly due to the decrease in selling price of cement products and commercial concrete, which was partially offset by the decrease in coal prices.

Operating profit

Operating profit from China United decreased by 33.9% to RMB3,339.8 million in 2015 from RMB5,051.9 million in 2014. Operating profit margin for the segment decreased from 18.1% in 2014 to 16.6% in 2015. The decrease was primarily due to the decrease in gross profit margin, yet partially offset by the increase in government grants.

FINANCIAL REVIEW *(CONTINUED)*

South Cement

Revenue

Revenue from South Cement decreased by 21.4% to RMB34,704.9 million in 2015 from RMB44,137.5 million in 2014, mainly attributable to the decrease in selling price and sales volume of cement products and commercial concrete.

Cost of sales

Cost of sales from South Cement decreased by 17.1% to RMB26,917.9 million in 2015 from RMB32,470.3 million in 2014, mainly attributable to the decrease in sales volume of cement products and commercial concrete and the decrease in the coal prices.

Gross profit and gross profit margin

Gross profit from South Cement decreased by 33.3% to RMB7,787.0 million in 2015 from RMB11,667.2 million in 2014. Gross profit margin of South Cement decreased from 26.4% in 2014 to 22.4% in 2015. The decrease in gross profit margin was mainly due to the decrease in selling price of cement products and commercial concrete, which was partially offset by the decrease in coal prices.

Operating profit

Operating profit from South Cement decreased by 50.3% to RMB3,353.9 million in 2015 from RMB6,754.0 million in 2014. Operating profit margin for the segment decreased from 15.1% in 2014 to 9.7% in 2015. The decrease was primarily due to the decrease of gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

North Cement

Revenue

Revenue from North Cement decreased by 23.8% to RMB6,011.5 million in 2015 from RMB7,887.7 million in 2014, mainly attributable to the decrease in selling price of cement products and commercial concrete and the decrease in sales volume of cement products, which was partially offset by the increase in the sales volume of commercial concrete.

Cost of sales

Cost of sales from North Cement decreased by 21.9% to RMB4,195.7 million in 2015 from RMB5,372.9 million in 2014, mainly attributable to the decrease in sales volume of cement products and the decrease in coal prices, but was partially offset by the increase in sales volume of commercial concrete.

Gross profit and gross profit margin

Gross profit from North Cement decreased by 27.8% to RMB1,815.8 million in 2015 from RMB2,514.8 million in 2014. Gross profit margin of North Cement decreased from 31.9% in 2014 to 30.2% in 2015, mainly attributable to the decrease in selling price of cement products and commercial concrete, but was partially offset by the decrease of coal prices.

Operating profit

Operating profit from North Cement decreased by 25.3% to RMB1,291.4 million in 2015 from RMB1,729.4 million in 2014. Operating profit margin for the segment decreased from 21.9% in 2014 to 21.5% in 2015, primarily due to the decrease in gross profit margin, but was partially offset by the increase in the net gain from change in fair value of financial assets at fair value through profit or loss of the Group.

FINANCIAL REVIEW (CONTINUED)

Southwest Cement

Revenue

Revenue from Southwest Cement decreased by 10.0% to RMB19,058.8 million in 2015 from RMB21,168.1 million in 2014, mainly attributable to the decrease in selling price and sales volume of cement products and commercial concrete.

Cost of sales

Cost of sales from Southwest Cement decreased by 6.7% to RMB13,415.2 million in 2015 from RMB14,373.1 million in 2014, mainly attributable to the decrease in sales volume of cement products and commercial concrete and the decrease in coal prices.

Gross profit and gross profit margin

Gross profit from Southwest Cement decreased by 16.9% to RMB5,643.6 million in 2015 from RMB6,795.1 million in 2014. Gross profit margin of Southwest Cement decreased from 32.1% in 2014 to 29.6% in 2015. The decrease in gross profit margin was mainly due to the decrease in selling price of cement products and commercial concrete, which was partially offset by the decrease in coal prices.

Operating profit

Operating profit from Southwest Cement decreased by 27.2% to RMB3,374.8 million in 2015 from RMB4,636.6 million in 2014. Operating profit margin for the segment decreased from 21.9% in 2014 to 17.7% in 2015, primarily due to the decrease in gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

Lightweight building materials segment

Revenue

Revenue from the lightweight building materials segment decreased by 7.6% to RMB7,088.2 million in 2015 from RMB7,672.9 million in 2014. This was mainly attributable to the decrease in the selling price of our main product, gypsum boards, but partially offset by the increase in its sales volume.

Cost of sales

Cost of sales from the lightweight building materials segment decreased by 10.8% to RMB5,184.9 million in 2015 from RMB5,811.5 million in 2014. This was mainly attributable to the decrease in coal price, but partially offset by the increase in sales volume from our main product, gypsum boards.

Gross profit and gross profit margin

Gross profit from the lightweight building materials segment increased by 2.2% to RMB1,903.2 million in 2015 from RMB1,861.4 million in 2014. Our gross profit margin from the lightweight building materials segment increased to 26.9% in 2015 from 24.3% in 2014, mainly due to the decrease in coal price, but partially offset by a reduction of the selling price of gypsum board.

Operating profit

Operating profit from the lightweight building materials segment decreased by 16.6% to RMB1,527.4 million in 2015 from RMB1,830.9 million in 2014. Operating profit margin from this segment decreased to 21.5% in 2015 from 23.9% in 2014, mainly due to the decrease of VAT refunds and the increase of research and development expenses, which was partially offset by the increase in gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

Glass fibre and composite materials segment

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

Revenue

Our revenue from the glass fibre and composite materials segment increased by 25.3% to RMB3,260.5 million in 2015 from RMB2,601.8 million in 2014. The main reason is that our revenue from the FRP pipes and tanks business and rotor blade has increased RMB768.0 million, but are partially offset by our revenue decrease in the flooring and shipping business.

Cost of sales

Our cost of sales from the glass fibre and composite materials segment increased by 24.1% to RMB2,424.8 million in 2015 from RMB1,953.4 million in 2014. The main reason is that our cost from the FRP pipes and tanks business and rotor blade has increased RMB596.9 million, but was partially offset by the cost decrease of flooring and shipping business.

Gross profit and gross profit margin

Our gross profit from the glass fibre and composite materials segment increased by 28.9% to RMB835.7 million in 2015 from RMB648.4 million in 2014. Our gross profit margin from the glass fibre and composite materials segment increased to 25.6% in 2015 from 24.9% in 2014.

Operating profit

Operating profit for our glass fibre and composite materials segment increased by 38.0% to RMB421.1 million in 2015 from RMB305.1 million in 2014. The operating profit margin for the segment increased to 12.9% in 2015 from 11.7% in 2014, primarily due to the increase in the gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

Engineering services segment

Revenue

Our revenue from the engineering services segment increased by 4.8% to RMB7,997.5 million in 2015 from RMB7,628.2 million in 2014, mainly because of an increase in the completed construction services in the period.

Cost of sales

Our cost of sales from the engineering services segment increased by 3.7% to RMB6,112.5 million in 2015 from RMB5,894.1 million in 2014, mainly because of an increase in the completed construction services in the period.

Gross profit and gross profit margin

Our gross profit from the engineering services segment increased by 8.7% to RMB1,885.0 million in 2015 from RMB1,734.0 million in 2014, mainly because of an increase in the completed construction services in the period. Our gross profit margin from the engineering services segment increased to 23.6% in 2015 from 22.7% in 2014, primarily due to the increase in gross profit margin of EPC projects.

Operating profit

Operating profit for our engineering services segment increased by 3.5% to RMB1,074.8 million in 2015 from RMB1,038.3 million in 2014, while the operating profit margin for the engineering service segment of the Group decreased to 13.4% in 2015 from 13.6% in 2014, mainly because of a decrease in discount on acquisition of interests in subsidiaries, but was partially offset by the increase in gross profit margin.

FINANCIAL REVIEW *(CONTINUED)*

Liquidity and financial resources

As at 31 December 2015, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB108,943.3 million in total.

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

	As at 31 December	
	2015	2014
	(RMB in millions)	
Bank loans	**173,833.8**	177,023.7
Other borrowings from non-financial institutions	**1,093.0**	–
Total	**174,926.8**	177,023.7

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

	As at 31 December	
	2015	2014
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**144,395.6**	139,292.6
Between one and two years	**15,987.0**	24,351.5
Between two and three years	**11,652.4**	6,719.4
Between three and five years (inclusive of both years)	**1,732.2**	5,019.9
Over five years	**1,159.6**	1,640.3
Total	**174,926.8**	177,023.7

As at 31 December 2015, bank loans in the amount of RMB3,071.1 million were secured by assets of the Group with a total carrying value of RMB14,444.9 million.

As at 31 December 2015 and 31 December 2014, we had a debt-to-asset ratio of 53.0% 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

Certain contingent liabilities were not 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 31 December	
	2015	2014
	(RMB in millions)	
Capital expenditure of the Company in respect of acquisition of property, plant and equipment (contracted but not provided for)	**9.9**	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 of the Group for the year ended 31 December 2015 by segment:

		For the year ended 31 December 2015 *(RMB million)*	*% of total*
Cement		**7,154.8**	**68.3**
Among:	China United	**2,927.5**	**27.9**
	South Cement	**2,547.7**	**24.3**
	North Cement	**469.1**	**4.5**
	Southwest Cement	**1,199.5**	**11.5**
Commercial concrete		**416.6**	**4.0**
Among:	China United	**259.7**	**2.5**
	South Cement	**147.7**	**1.4**
	North Cement	**1.7**	**0.02**
	Southwest Cement	**1.5**	**0.01**
Lightweight building materials		**1,120.6**	**10.7**
Glass fibre and composite materials		**223.6**	**2.1**
Engineering services		**415.0**	**4.0**
Others		**1,143.7**	**10.9**
Total		**10,474.3**	**100.0**

Cash Flow from Operating Activities

For the year 2015, our net cash inflow generated from operating activities was RMB8,302.0 million. Such net cash inflow was primarily due to RMB22,230.6 million of cash flow from operating activities before the change in working capital, primarily partially offset by a RMB7,766.8 million increase in trade receivables and other receivables and a RMB6,765.7 million decrease in trade payables and other payables.

Cash Flow from Investing Activities

For the year 2015, our net cash outflow from investing activities was RMB12,713.3 million, which was primarily due to the purchase of property, plant and equipment mainly used for the cement and lightweight building materials segments amounting to RMB7,173.3 million in total, expenditure of RMB1,830.9 million for other payables from investment activities and a RMB4,213.2 million of deposits paid.

FINANCIAL REVIEW *(CONTINUED)*

Cash Flow from Financing Activities

For the year 2015, we had a net cash inflow from financing activities amounting to RMB4,662.1 million, primarily attributable to a total of RMB219,602.9 million in new borrowings, partially offset by RMB220,648.1 million for repayment of borrowings.

OUTLOOK FOR 2016

In 2016, the central government adapts to the new normal of the economic development and strives to stabilize growth, make structural adjustment, benefit livelihood, prevent risks and strengthen the structural reform in order to ensure the rational operation of the economy. Building material industry is facing in-depth adjustment and the situation is still severe with increasing downside pressure. The Thirteenth Five-year Plan will provide significant opportunities for changing patterns and adjusting structure. The central government proposes to strengthen the structural reforms of supply side. A series of policies will be further implemented such as restrictions on newly-added capacity, elimination of obsolete capacity, suspension of production in winter and normalized restrictions on capacity. Industrial concentration is expected to be further enhanced. On the other hand, the government proposes to explore the construction of infrastructure and major construction projects of the Thirteenth Five-year Plan in relation to railways, highways, water conservation and municipal construction are successively launched; Regional development is enhanced to continuously deepen the construction of “One Belt, One Road” and the integration of urban and rural development. The combined effect of Four Major Segments and Three Strategies continues to reveal and supports rigid demands for the industry.

In 2016, the Group will adhere comprehensively to five operating and management principles of “Improving quality and Increasing Benefit While Transforming and Upgrading”, “preparation, meticulosity, refinement, solidity”, “Four Execution & Four Control and Four Increase & Four Reduction”, “price stabilization, cost reduction, receivables collection, inventory control, structural adjustment” and “profit and efficiency as first priority”, so as to vigorously develop the production and operation, continually promote in-depth integration of management and accelerate the transformation and upgrade and technological innovations with an aim to achieve the goals and missions in 2016.

First of all, the Company strengthens to implement five main strategies of “price stabilization, cost reduction, receivables collection, inventory control, structural adjustment” and sticks to price control, “three no-fears and four efforts” and restrictions on production and suspension of production in winter; it adheres to cost efficiency principle and refine operation and management to reduce costs; it attaches great importance to receivables collection and efficiency enhancement and strengthens efforts in settlement to strictly control risks; it will stick to the philosophy of “zero inventory” and reduced inventories to lower the opportunities of fund misappropriation while making structural adjustment to further optimize the organization.

Secondly, the Company continues to promote in-depth integration of management. It persistently implements working ideology of “Four Execution & Four Control and Four Increase & Four Reduction” to strengthen management and continuously promote the integration and optimization of the organization and institution; it firmly pushes forward equity financing and explore new financing models to speed up securitization and asset operation and practically lower gearing ratio.

OUTLOOK FOR 2016 *(CONTINUED)*

Thirdly, the Company accelerate the upgrade and technological innovations. It continues to strengthen innovations and transformation of traditional sectors and enhance core profit of cement business; it speeds up the development of “Three New” industries and international business and actively explore and implement “Internet + Dual Innovations + Made in China 2025”; it enhances technological innovations and promote the combination of production and research to expedite the pace of transformation of technological innovation achievements.

CORPORATE GOVERNANCE REPORT

The Company adheres to the domestic and overseas regulations to maintain a high level of corporate governance in compliance with commercial conducts and practices as the core values of the Group. The mechanism of communications and discussions among the management, the Board and the shareholders is further enhanced, and the corporate structure is stable and strong and operated in an effective manner with clear authorization, thereby vigorously safeguarding the healthy operation of the Company and increasing the long-term value for the shareholders.

During the year from 1 January 2015 to 31 December 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 stating 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. Currently, the Board is undertaking the procedure of electing the new session. The 16th Meeting of Third session of the Board convened on 25 March 2016 considered and approved the resolution in relation to the new session of the Board, which was to be considered at the 2015 annual general meeting of the Company.

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

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

II. THE BOARD

During 2015, the Board of the Company held 8 plenary Board meetings to consider and determine various matters including general corporate strategy, major investment and financing activities and personnel changes. All Directors attended the meetings in person or by proxy. The management is responsible for the specific implementation of resolutions of the Board and management of daily operations.

The members of the Board and the attendance of the Directors at Board meetings during 2015 are as follows:

	Meetings attended/held					
Name	**The Board**	**The Strategic Steering Committee**	**The Nomination Committee**	**The Remuneration and Performance Appraisal Committee**	**The Audit Committee**	**General meeting**
Executive Directors						
Song Zhiping *(Chairman of the Board)*	8/8	1/1	2/2	1/1	–	1/1
Cao Jianglin	8/8	1/1	–	–	–	1/1
Peng Shou	8/8	–	–	–	–	1/1
Cui Xingtai	8/8	–	–	–	–	1/1
Chang Zhangli	8/8	–	–	–	–	1/1
Non-executive Directors						
Guo Chaomin	8/8	–	–	–	–	1/1
Huang Anzhong	8/8	–	–	–	–	1/1
Tao Zheng	8/8	–	–	–	–	1/1
Independent Non-executive Directors						
Shin Fang	8/8	–	–	1/1	–	0/1
Tang Yunwei	8/8	–	2/2	–	2/2	1/1
Zhao Lihua	8/8	–	2/2	1/1	–	1/1
Wu Liansheng	8/8	–	–	–	2/2	1/1
Sun Yanjun	8/8	1/1	–	–	2/2	1/1

There is no finance, business, family relationship(s) or any other material connection between the Directors including between the chairman and the chief executive.

III. FUNCTIONS AND OPERATION OF THE BOARD

The Board of the Company is elected by shareholders at general meeting and reports to general meeting. The Board is the highest decision-making authority during the adjournment of the general meeting. The Board pays close attention to significant events of the Company, controls the development direction of the Company as a whole, and improves the governance of the Company through making well-informed and sound decisions, and ensures the decisions are in line with the best interests of the Company and the shareholders.

The Board makes decisions on certain significant matters in the operation of the Company, including convening general meetings and implementing their resolutions;formulating the business plans and investment proposals of the Company; formulating the annual preliminary and final financial budgets of the Company; formulating the profit distribution plan of the Company (including final dividends distribution plan) and the proposal for making up for losses; formulating the debt and financial policies and proposals for increases or reductions of the Company's registered capital and the issue of corporate debentures; preparing material acquisition or disposal proposals of the Company and plans for the merger, division or dissolution of the Company; determining the Company's internal management structure; determining the appointment or removal of the general manager of the Company and the appointment or removal of the vice general manager and the chief financial officer subject to the nomination of the general manager and determining their remuneration; formulating the basic management systems including the financial management and personnel management systems; and formulating the revision plan for the Articles of Association of the Company.

The Directors were elected and the board meetings were held in compliance with the procedures provided for in the Company's Articles of Association, and Rules of Procedure for Board meeting. The Company provided a platform for the Directors to fully understand the Group, and so as for them to control the risk of operation, provide deep, sound and positive instruction advice, and promote the positive, active and healthy development of the Company. The Board keeps close contact with the management and authorizes it to implement specific matters and report to the Board, to ensure that all matters and problems related to the business and operation of the Group are dealt timely. The management under the leading of the president, is responsible for specific matters related to daily operation of the Company, and makes and implements the decision of operation, and conduct periodic reviews and feedbacks, to ensure the relevant arrangements of operation and management meet the demand of the Company.

The Company has established a system of independent Directors. There are five independent non-executive Directors in the Board, which is in compliance with the minimum number of independent non-executive directors required under the Listing Rules. The Company has received a confirmation of independence from each of the five independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers the five independent non-executive Directors to be independent from the Company, its substantial shareholders and the respective connected persons of the above entities, have no financial or other interests in the above entities that may affect his/her independence and in full compliance with the requirements concerning independent non-executive directors under the Listing Rules. Mr. Tang Yunwei and Mr. Wu Liansheng, independent non-executive Directors of the Company, have appropriate accounting and financial management expertise as required under Rule 3.10 of the Listing Rules. Please refer to the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this report for Mr. Tang Yunwei and Mr. Wu Liansheng's biographies. The five independent non-executive Directors do not hold other positions in the Company. They assess and supervise the progress of achieving goals of the Company in matters in relation to strategies, policies, performances, investments, and material appointments, and provide independent professional advice, according to the Articles of Association of the Company and the requirements of the relevant laws and regulations. They therefore contribute to the further balanced structure and high-quality decisions of the Board.

IV. DIRECTOR'S CONTINUOUS TRAINING AND DEVELOPMENT

In compliance with the Listing Rules and the Code and to ensure that the Directors have comprehensive and necessary expertise and skills to make contribution to the Board, the Company has arranged suitable training for the continuous professional development of the Directors such as providing them with information materials and special reports. The Company contacted numerous research institutions including Morgan Stanley, CICC, UBS and Geography Cement, in the beginning of 2015, to particularly prepare the reporting materials for Directors in relation to Review for 2014 and Outlook for 2015 in Chinese Macro-economy and the Cement Industry, the contents of which cover information of global economy, policy situation, market analysis of the cement industry, and trends of capital markets, detailed and purposeful, making Directors comprehensively update their information and expand their fields of knowledge. In addition, the Company provided Capital Market Research prepared by the Company twice per month to the Directors, (24 issues and 87 reports in total were provided during 2015.) to provide them feedbacks on the latest macro-economy and capital markets, and ensure that they were informed of overall information about the operational environment of the Company. The continuous and effective trainings helped enhance the Directors' understanding of their duties so that they can make appropriate and informed decisions on the Company's management based on more accurate understanding of the relevant laws and regulations and the industry's development. All Directors (including Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou, Mr. Cui Xingtai, Mr. Chang Zhangli, Mr. Guo Chaomin, Mr. Huang Anzhong, Mr. Tao Zheng, Mr. Shin Fang, Mr. Tang Yunwei, Mr. Zhao Lihua, Mr. Wu Liansheng, Mr. Sun Yanjun) of the Company have attended relevant trainings during their term of office, and have been provided with the above-mentioned training materials through which their knowledge and skills were further developed and refreshed leading to more constructive and professional opinions from the Directors and therefore ensuring that their contribution to the Board remains informed and relevant.

V. CHAIRMAN AND THE PRESIDENT

Mr. Song Zhiping is the chairman of the Board and Mr. Cao Jianglin is the president of the Company. Pursuant to the Company's Articles of Association, the primary duties and responsibilities of the chairman are chairing and convening the general meetings, presiding over Board meetings and organizing discussion on major business matters such as corporate development strategy and business philosophy, checking the implementation of Board resolutions, signing the securities issued by the Company, and other duties and powers authorized by the Company's Articles of Association and the Board. The major responsibilities of the president are taking charge of production, operation and management matters, organizing the implementation of Board resolutions, organizing the implementation of annual operating plans and investment proposals of the Company, formulating plans for the establishment of the Company's internal management structure, formulating plans for the establishment of the Company's branches, devising the basic management system of the Company, reviewing the basic rules and regulations of the Company, proposing the appointment or removal of the vice president and the Chief Financial Officer of the Company to the Board, appointing or removing management members apart from those that should be appointed or removed by the Board, and performing other duties and powers authorized by the Articles of Association of the Company and the Board.

VI. TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

Pursuant to the Company's Articles of Association, the Directors including the non-executive Directors shall be elected by the general meeting and serve a term of three years. Upon the expiry of their terms of office, the Directors may be re-elected and re-appointed.

VII. SPECIAL COMMITTEES UNDER THE BOARD

The Company has established 4 special committees under the Board, namely the Strategic Steering Committee, the Nomination Committee, the Remuneration and Performance Appraisal Committee and the Audit Committee, and has formulated respective terms of reference. The terms of reference for the Nomination Committee, the Remuneration and Performance Appraisal Committee and the Audit Committee were prepared with reference to the contents of the Code from time to time.

THE STRATEGIC STEERING COMMITTEE

Members

The Strategic Steering Committee of the Company comprises two executive Directors and one independent non-executive Director, of whom Mr. Song Zhiping is the chairman and both Mr. Cao Jianglin and Mr. Sun Yanjun are members. In particular, Mr. Song Zhiping and Mr. Cao Jianglin are executive Directors and Mr. Sun Yanjun is an independent non-executive Director. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Strategic Steering Committee of the Company.

Duties and Summary of the Work

The Strategic Steering Committee of the Company is mainly responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organization development proposals, major investment and financing plans and other material matters that may affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investment plans under the authorisation of the Board; and making recommendations to the Board. As for details of meetings convened and attended by the Strategic Steering Committee in 2015, please refer to the table of attendance of the Directors at Board meetings during 2015 at Page 42.

Set out below is a summary of work of the Strategic Steering Committee of the Company during 2015:

The third meeting of the third session of the Strategic Steering Committee of the Board considered and approved the proposals in relation to the operation of the Company for the year 2014 and work arrangements for the year 2015.

VII. SPECIAL COMMITTEES UNDER THE BOARD *(CONTINUED)*

THE NOMINATION COMMITTEE

Members

The Nomination Committee of the Company comprises one executive Director and two independent non-executive Directors, of whom Mr. Tang Yunwei is the chairman and Mr. Zhao Lihua and Mr. Song Zhiping are members. In particular, Mr. Tang Yunwei and Mr. Zhao Lihua are independent non-executive Directors and Mr. Song Zhiping is an executive Director. Such composition is in compliance with the requirements under the Code. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Nomination Committee of the Company (which are accessible on the websites of the Company and the Stock Exchange), pursuant to which, the chairman of the committee must be an independent non-executive Director.

Duties and Summary of the Work

The Nomination Committee of the Company is mainly responsible for formulating procedures and standards for electing the Directors of the Company, senior management members as well as members of the Remuneration and Performance Appraisal Committee, the Audit Committee and the Strategic Steering Committee; formulating standards for the directors or supervisors designated to the wholly-owned subsidiaries of the Company; formulating standards for the directors or supervisors designated or recommended to the controlled subsidiaries of the Company and conducting preliminary review on the qualifications and conditions of the Directors, senior management members as well as members of the Remuneration and Performance Appraisal Committee, the Audit Committee and the Strategic Steering Committee; reviewing the qualifications and conditions of the directors or supervisors designated to the wholly-owned subsidiaries of the Company or the directors or supervisors designated or recommended to the controlled subsidiaries of the Company based on the nominations of the chairman of the Board and assisting the chairman of the Board on submitting relevant matters to the Board. After the Stock Exchange's adoption of the Code provision in relation to the board diversity policy which became effective on 1 September 2013, the Company has formulated its board diversity policy after reviewing the new requirements, and the policy was duly adopted by the Nomination Committee on 29 November 2013. The Company is committed to improving the corporate governance of the Company. The Company insists on hiring employees based on their competence. In selecting appropriate members to the Board, the Company considers factors such as a diversity of skills, professional and industry experience, cultural and educational background, ethnicity, length of service, gender and age based on objective standards. It also takes into account the Company's business model and specific needs from time to time. Pursuant to that policy, current members of the Board possess different professional background. Each of them has accumulated rich experience in areas such as building materials, business management, securities regulation, capital operation, accounting rules and corporate finance providing diversified perspectives for the strategic decisions of the Board and professional opinions for formulating operation policies of the Company. As for details of meetings convened and attended by the Nomination Committee in 2015, please refer to the table of attendance of the Directors at Board meetings during 2015 at Page 42.

Set out below is a summary of work of the Nomination Committee of the Company during 2015:

The fifth meeting of the third session of the Nomination Committee of the Board considered and approved the proposals in relation to the Board structure and the independence of the independent non-executive Directors. The sixth meeting of the third session of the Nomination Committee of the Board considered and approved the proposal in relation to designating directors and supervisors to China United.

VII. SPECIAL COMMITTEES UNDER THE BOARD *(CONTINUED)*

THE REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE

Members

The Remuneration and Performance Appraisal Committee of the Company comprises one executive Director and two independent non-executive Directors, of whom Mr. Shin Fang is the chairman and Mr. Zhao Lihua and Mr. Song Zhiping are members. In particular, Mr. Shin Fang and Mr. Zhao Lihua are independent non-executive Directors and Mr. Song Zhiping is an executive Director. Such composition is in compliance with the requirements under the Listing Rules. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Remuneration and Performance Appraisal Committee (which are accessible on the websites of the Company and the Stock Exchange), pursuant to which, the chairman of the committee must be an independent non-executive director.

Duties and Summary of the Work

The Remuneration and Performance Appraisal Committee of the Company is responsible for recommending and reviewing the specific remuneration and the performance of the Directors and the senior management based on the remuneration and performance management policies and framework pertaining to the Directors and the senior management which are formulated by the Board. The Remuneration and Performance Appraisal Committee makes recommendations to the Board in respect of the remuneration of the Directors and the senior management members. Remuneration of the Directors will be submitted for the consideration and approval of the Board. After the approval of the Board, the remuneration of the Directors will then be submitted for approval at the general meeting. The remuneration of the senior management members is considered and approved by the Board. The annual remuneration of the senior management members comprises four components including basic salary, performance-based salary, special rewards and share appreciation rights. The basic salary is determined by taking into consideration their positions, responsibility, competence and market rates. The performance-based salary is determined on the basis of assessment of economic responsibility. The special rewards are granted to those who have made prominent contributions to the Company's results or in certain material aspects. The share appreciation rights are granted under the Company's Share Appreciation Rights Proposal. As for details of meetings convened and attended by the Remuneration and Performance Appraisal Committee in 2015, please refer to the table of attendance of the Directors at Board meetings during 2015 at Page 42.

Set out below is a summary of work of the Remuneration and Performance Appraisal Committee of the Company during 2015:

The fourth meeting of the third session of the Remuneration and Performance Appraisal Committee of the Board considered and approved three proposals in relation to the remuneration for senior management members of the Company for 2014, the special awards for senior management members for 2014, and the remuneration for Mr. Cao Jianglin.

The fees for the Directors of the third session of the Board and the supervisors of the third session of Supervisory Committee are still subject to the standards for the last year.

VII. SPECIAL COMMITTEES UNDER THE BOARD *(CONTINUED)*

THE AUDIT COMMITTEE

Members

The Audit Committee of the Company comprises three independent non-executive Directors, of whom Mr. Wu Liansheng is the chairman and both Mr. Tang Yunwei and Mr. Sun Yanjun are members. Among them, Mr. Wu Liansheng and Mr. Tang Yunwei possess professional qualifications and experience in accounting and related financial management. Such composition is in compliance with the requirements under the Listing Rules. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Audit Committee of the Company (which are accessible on the websites of the Company and the Stock Exchange), pursuant to which, the chairman of the committee must be an independent non-executive Director.

Duties and Summary of the Work

The specific duties of the Audit Committee include making recommendations in relation to the appointment of external auditors by the Board and supervising their work; supervising the Company's financial reporting procedures as well as the financial control system; supervising the Company's risk management and internal control and reviewing its results; reviewing the operating, financial and accounting policies and practice of the Company; formulating and reviewing the corporate governance policy and practice of the Company and reviewing the Company's compliance with the Code and its disclosures in the Corporate Governance Report; reviewing and supervising the Company and its Director's and senior management's compliance with the requirements of laws and regulations; reviewing and supervising the Directors' and senior management's professional ethics, trainings and continuous professional development. As for details of meetings convened and attended by the Audit Committee in 2015, please refer to the table of attendance of the Directors at Board meetings during 2015 at Page 42. The recommendations of the Audit Committee have been presented to the Board for review and action.

Set out below is a summary of work of the Audit Committee during 2015:

During the Reporting Period, the Audit Committee has operated in accordance with the Code. The Audit Committee issued its opinion in respect of the performance of its responsibilities relating to, among others, the issuance of interim and annual results and the review of the financial control system, the internal control system and the performance of the other responsibilities set out in the Code relating to the financial report for 2014 and the interim financial report for 2015. The committee further urged the Company to integrate and optimize its internal control systems in accordance with the key audit work of the Company to ensure that it is able to control the risk of operation management and business development. It performed the duties of corporate governance pursuant to the Terms of Reference of the Audit Committee. The committee provided suggestions to the Board on the improvement of the Company's policies and practices as well as the continuous development of the senior management. As at the date of the report, the Audit Committee has reviewed the Group's financial statements and results for the year ended 31 December 2015.

VII. SPECIAL COMMITTEES UNDER THE BOARD *(CONTINUED)*

THE AUDIT COMMITTEE *(continued)*

Duties and Summary of the Work *(continued)*

In addition, the Board is responsible for the preparation of the financial statements for each financial year which gives a true and fair view of the financial position of the Group. The Board has urged the management to provide important materials concerning the Company's operation. Taking into consideration the macroeconomic situation and the development of the industry, the Board has given an objective and balanced evaluation and made strategic decisions on the interim and annual financial performance, and significant investment and financing plans. It also supervised and directed the management to implement specific plans and broadened the channels for the Company's development, endeavoring to safeguard the Shareholder's interests. The reporting responsibilities of external auditors are set out in the Independent Auditor's Report of the annual report.

VIII.NOMINATION OF DIRECTORS

Pursuant to the Articles of Association and the Term of Reference of the Nomination Committee, the election and the change of Directors shall be considered by the shareholders at the general meetings. The Company's requests for new directors shall first be studied by the Nomination Committee. The Committee may conduct extensive searches for qualified candidates for directorship in the Company, companies controlled or invested by the Company, the human resources market and through other channels and will have regard to the diversity policy of the Company in making such search. It will then review the candidates' specific qualification after seeking consent from the candidates. The committee makes recommendations and submits relevant materials to the Board after the review. The Board will then shortlist the candidates for submission to the general meeting for consideration. Shareholders holding in aggregate 5% or more of the Company's shares which carry voting rights may nominate directors to the Board directly and the Nomination Committee will then put forward the proposal to the general meeting for consideration. The election of the new Directors is subject to the approval of the shareholders holding more than half of the total voting shares or the independent representatives of the shareholders present at the general meeting.

The Parent nominated Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou, Mr. Cui Xingtai, Mr. Chang Zhangli, Mr. Guo Chaomin, Mr. Chen Yongxin, Mr. Tao Zheng, Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Qian Fengsheng, Ms. Xia Xue and Mr. Zhou Wenwei as candidates for directors of the fourth session of the Board. Among which, Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou, Mr. Cui Xingtai and Mr. Chang Zhangli are candidates for executive directors, Mr. Guo Chaomin,Mr. Chen Yongxin and Mr. Tao Zhengare candidates for non-executive director, Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Qian Fengsheng, Ms Xia Xueand Mr. Zhou Wenwei are candidates for independent non-executive directors. Upon approval by the Nomination Committee based on certain standards and criteria, the abovementioned candidates are qualified as directors of the Company. Relevant resolutions were approved at the 16th meeting of the third session of the Board held on 25 March 2016. Upon approval of the relevant resolutions by the 2015 annual general meeting of the Company, the term of office of the fourth session of the Board will start.

IX. AUDITORS' REMUNERATION

At the 11th meeting of the third session of the Board of the Company convened on 24 March 2015, the Directors resolved to propose to the general meeting the appointment of Baker Tilly HK and Baker Tilly China as the overseas and domestic auditors of the Company for 2015 respectively. The Board was authorized by the annual general meeting convened on 22 May 2015 to deal with the appointment of overseas and domestic auditors and determine their remunerations. During the year, an aggregate of RMB14.0 million was paid by the Company to the auditors for their professional audit services.

During the Reporting Period, save for the financial audit services, the aforesaid auditors did not provide to the Company other significant non-audit services.

X. COMPANY SECRETARY

Mr. Chang Zhangli is the internal joint company secretary of the Company.

Ms. Lo Yee Har Susan of Tricor Services Limited, an external service provider, has been engaged by the Company as its joint company secretary. The primary contact person of the Company with Ms. Lo is Mr. Chang Zhangli, the joint company secretary and executive Director of the Company.

XI. SHAREHOLDERS AND GENERAL MEETINGS

The Shareholders, as the owners of the Company, are entitled to the rights prescribed in laws, regulations and the Articles of Association. The Shareholders exercise their rights through general meetings. The general meetings include annual general meeting and extraordinary general meetings. The annual general meeting shall be held once every year and within 6 months of the end of the preceding financial year. The Board will convene the extraordinary general meetings if the shareholder(s) holding in aggregate 10% or more of the Company's issued voting shares request(s) in writing. In the case of an annual general meeting, shareholders holding in aggregate 5% or more of the total number of shares carrying voting rights are entitled to put forward any new proposal in writing to the Company, and the Company will include such proposal in the agenda of such meeting to the extent that it falls within the powers of the general meeting. The Board is accountable to the general meeting which is the highest authority of the Company.

In the notice of the general meetings, the Board of the Company will provide the Shareholders with data and explanation required for them to make informed decisions on the matters to be considered as well as the contact information of the person(s) in charge for shareholders' enquiry of relevant issues. During the general meetings, the Shareholders can raise questions or suggestions for the proposals in doubt and the Directors attending the meeting are responsible for explaining, recording and, if necessary, providing relevant information in details. The Shareholders may inspect copies of the minutes of the general meetings free of charge during the business hours of the Company. In the event that any Shareholder requests for copies of such minutes, the Company will deliver the copies within 7 days upon receiving payment of reasonable charges.

At the Annual General Meeting of 2014 held on 22 May 2015, six ordinary resolutions and two special resolutions in relation to the granting of a mandate to the Board to issue shares of the Company and in relation to the issue of debt financing instruments were considered and approved.

According to the Articles of Association, the Directors may attend the general meetings of the Company and are entitled to sign on the minutes containing the resolution(s) relating to the issue(s) discussed in the meeting(s) they attended. In 2015, the Company held one general meeting and please refer to the table of attendance of the Directors at Board meetings during 2015 at Page 42 for details of attendance of the Directors.

XII. SUPERVISORS AND THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company reports to the general meeting. Its members comprise two shareholders' representative supervisors and two staff representative supervisors democratically elected at the staff general meeting by the staff representatives and two independent supervisors. The supervisors have discharged their duties conscientiously in accordance with the provisions of the Company's Articles of Association, attended all the Board meetings, constantly reported to the general meeting via submitting Supervisory Committee Reports and relevant proposals. In line with the spirit of accountability to all Shareholders, the Supervisory Committee has monitored the financial affairs and information disclosures of the Company and the performance of duties and responsibilities by the Directors, the president and other senior management personnel of the Company to ensure that they have performed their duties. The Supervisory Committee has participated actively in major matters of the Company such as production, operation and investment projects and has made constructive recommendations.

XIII.RISK MANAGEMENT AND INTERNAL CONTROL

In order to comply with relevant domestic laws and regulations as well as the requirements under the Listing Rules, strengthen the Company's risk management and internal control management and monitor and monitor and safeguard the achievement operating management target, the Company has formulated a series of internal management systems in line with the actual conditions of the Company covering finance regulation, operation regulation, compliance regulation and risk management, and has conveyed to the staff.

Construction of risk management and internal control systems mainly depended on, firstly, daily risk management, including business and strategic risk management. Each of the departments consists of management and internal control functions to develop procedures at the forefront, and is responsible for risk identification, confirmation, management and reporting. The Company has established a business process-oriented management system covering the management personnel and each of the departments. In addition, the Company has further improved the efficiency and performance of various operations as a result of its efforts on standardizing relevant procedures and key control areas. In order to further optimize financial management, for the year 2015, Ministry of Finance carried out amendment on the financial system of the Company, and increased personnel with extensive experience in handling financial matters to enrich the professional financial team. Secondly, the Company continued to perform risk monitoring and control. Specialist department (including legal department) provided support to various department in organizational governance structure to ensure that the management of existing risk was carried out based on cost-effectiveness, which would then be controlled within the acceptable standard. Information disclosure requirement needed to be encountered by the Company was comprehensively arranged. In addition, the Company integrated different information disclosure targets and important level of information to develop respective disclosure procedures, constantly introspected and made improvement, reported to the management about the Board's direction and functions of reporting, regularly carried out benchmark management practice and gap analysis to further optimize reporting functions and organizational structures. In addition to the preparation of the comprehensive risk management report, the Company has established a risk management mechanism which involves the identification and assessment of risks, prevention and rectification as well as post evaluation. The third was independent internal review. Audit Committee would regularly listen to the comments from professional auditors and internal auditors, independently carried out assessment on the operating management, business development and financial positions of monitoring and control company, and reviewed the effective introduction and implementation of the strategies from high standard companies to further enhance the standard of the internal control, financial control and risk management.

XIII. RISK MANAGEMENT AND INTERNAL CONTROL *(CONTINUED)*

The Board (through the Audit Committee of the Board of the Company) continues to be responsible for the review of the efficiency of the operation of the Company's risk management and internal control systems. In accordance with the provisions C.2.1 of the Code, the Directors have reviewed the effectiveness of the risk management and internal control systems of the Company and its subsidiaries during the Reporting Period, covering matters such as financial control, operational control and compliance control. The Board is not aware of any material deficiencies in such systems that might affect the shareholders' interests. The Board is of the opinion that the Company had fully complied with the code provisions regarding risk management and internal control in the Code. The internal monitoring system of the Company has been operating effectively.

XIV. INVESTOR RELATIONS

The Company highly regards the investors' rights and interests. Therefore, the Company has established the Secretariat of the Board to be responsible for the management of investor relations in order to improve the management system of investor relations, to clarify the duties of investorrelations management, and to establish the multi-channel communication mechanism at multiple levels and in multiple forms. During the Reporting Period, the Company communicated with investors by convening general meetings, arranging non-deal roadshows, participating in investor conferences, receiving investors' visits, arranging telephone conferences and conducting on-site surveys etc. Information disclosures were made as appropriate and a fair and transparent investment platform for the general investors was provided to improve the transparency of the Company. During the Reporting Period, the Company has strived for management enhancement. Through strengthening the management of investor relations, the standard of standardized management and corporate governance has been further enhanced.

During the Reporting Period, no amendments were made by the Company to the Articles of Association.

Shareholder(s) may put forward any enquiries in writing to the Board of the Company. Shareholder(s) should send the duly signed written requisition, notice, statement or enquiry letter (as the case may be) to the registered address of the Company or the representative office in Hong Kong, and provide their full name, contact details and identification. Shareholders' information may be disclosed as required by laws and regulations. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send the documents as mentioned above to the following addresses:

Address:	Principal Place of Business: 21st Floor, Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC Representative Office in Hong Kong: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Fax:	010-68138388
Email:	cnbmltd@cnbm.com.cn

The Board of the Company hereby presents its report together with the audited financial statements of the Group for the year ended 31 December 2015 to its shareholders.

PRINCIPAL BUSINESS

The Group is a holding company and its subsidiaries and associates are mainly engaged in the cement, lightweight building materials, glass fibre, composite materials and engineering services businesses. Particulars of the principal businesses of the Company's subsidiaries are set out in Note 7, Note 20 and Note 21 to the Group's consolidated financial statements respectively.

RESULTS

The results of the Group during the year are set out in the Consolidated Income Statements in this annual report.

DIVIDENDS

The Board recommends the distribution of a final dividend of RMB199,763,971.69 in total (pre-tax) for the period from 1 January 2015 to 31 December 2015 (2014: RMB890,839,333.23 in total (pre-tax)) for Shareholders whose names appear on the Company's register of members on Tuesday, 7 June 2016, representing RMB0.037 per share (pre-tax) (2014: RMB0.165 per share (pre-tax)) based on 5,399,026,262 shares in issue as at 29 March 2016, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information for inclusion in this report. The final amount of the dividend per share will be determined based on the number of shares of the Company in issue as at 7 June 2016.

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

The proposed final dividend is subject to approval at the annual general meeting to be held on Friday, 27 May 2016.

In accordance with tax law and relevant requirements under taxation regulatory institutions of the PRC, the Company is required to withhold 10% enterprise income tax when it distributes the final dividend for the period from 1 January 2015 to 31 December 2015 (the "2015 Final Dividend") to all non-resident enterprise shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise shareholders) whose names appear on the H share register of members of the Company on Tuesday, 7 June 2016.

DIVIDENDS *(CONTINUED)*

Pursuant to the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong stock exchanges connectivity mechanism" (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Sui [2014] No. 81) (the "Shanghai-Hong Kong Stock Connect Tax Policy") jointly issued by the Ministry of Finance of the PRC, the State Administration of Taxation and China Securities Regulatory Commission, the dividends derived from the investment by a domestic corporate investor in stocks listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") through Shanghai-Hong Kong Stock Connect will be included in its total income and subject to enterprise income tax according to the law. In particular, dividends received by resident enterprises in the Mainland which hold H share for at least 12 consecutive months shall be exempted from enterprise income tax according to the law. In respect of the dividends received by domestic corporate investors, H share companies listed on the Hong Kong Stock Exchange will not withhold relevant tax for such corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

As such, when distributing the 2015 Final Dividend to the domestic corporate investors as the holders of H Shares of the Company whose names appear on the register of shareholders of the Company on Tuesday, 7 June 2016 provided by China Securities Depository and Clearing Corporation Limited ("China Clearing"), the Company shall not withhold tax on dividend for the domestic corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Tentative Measures on Withholding and Payment of Individual Income Tax (《個人所得稅代扣代繳暫行辦法》), the Shanghai-Hong Kong Stock Connect Tax Policy and other relevant laws and regulations and based on the Company's consultation with the relevant PRC tax authorities, the Company is required to withhold and pay 20% individual income tax for the Company's individual H shareholders whose names appear on the register of members of H shares of the Company (the "Individual H Shareholders").

Pursuant to the Shanghai-Hong Kong Stock Connect Tax Policy, for dividends received by domestic individual investors from the investment in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H share companies listed on the Hong Kong Stock Exchange shall withhold and pay individual income tax at a rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from the investment in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the income tax payable shall follow the same requirements in respect of domestic individual investors.

As such, when distributing the 2015 Final Dividend to the domestic individual investors (including domestic securities investment funds) as the holders of H Shares of the Company whose names appear on the register of shareholders of the Company on Tuesday, 7 June 2016 provided by China Clearing, the Company shall withhold and pay individual income tax in accordance with the requirements mentioned above on behalf of the investors.

DIVIDENDS *(CONTINUED)*

Pursuant to the Notice on Matters concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the State Administration of Tax and the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by the Stock Exchange, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax arrangements between the countries where they reside and China and the tax arrangements between China mainland and Hong Kong (Macau). The Company will identify the country of domicile of Individual H Shareholders according to their registered address on the H share register of members of the Company on Tuesday, 7 June 2016 (the "Registered Address"). The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows:

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

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. If relevant Individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, the Company can assist the relevant shareholder to handle the application for the underlying preferential tax benefits pursuant to the tax treaties, provided that the relevant shareholder shall submit to the Company the information required under the "Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)" (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發<非居民享受稅收協定待遇管理辦法(試行)>的通知》國稅發[2009]124號) (the "Tax Treaties Notice") on or before Wednesday, 14 June 2016. Upon examination and approval by competent tax authorities, the Company will assist in refunding the additional amount of tax withheld and paid.

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

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

DIVIDENDS *(CONTINUED)*

If the domicile of an Individual H Shareholder is not the same as the Registered Address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Tuesday, 14 June 2016. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notices if they do not provide the relevant supporting documents to the Company within the time period stated above.

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders who are eligible to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 27 April 2016 to Friday, 27 May 2016 (both days inclusive), during which period no transfer of shares in the Company will be effected. To be eligible to attend and vote at the forthcoming annual general meeting, holders of H Shares of the Company whose transfers have not been registered shall lodge all the share transfer documents and relevant certificates with the Company's H Share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 26 April 2016 for share registration.

Shareholders whose names appear on the register of members on Tuesday, 7 June 2016 will be eligible for the final dividend. The register of members of the Company will be closed from Thursday, 2 June 2016 to Tuesday, 7 June 2016 (both days inclusive), during such period no share transfer will be registered. In order to qualify for the final dividend mentioned above, holders of H Shares whose transfers have not been registered shall deposit the instrument(s) of transfer and the relevant share certificate(s) at the Company's H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 1 June 2016 to facilitate the share transfer registration. The final dividend is expected to be paid on or before Tuesday, 28 June 2016 to the shareholders whose names appear on the register of members of the Company on Tuesday, 7 June 2016.

BUSINESS REVIEW

Under the Disclosure of Financial Information set out in Appendix 16 to the Listing Rules, the Company is required to include a business review in the directors' report. According to the Schedule 5 to the Company Ordinance, a business review shall cover certain aspects, the details of which are as follows:

1. A fair review of the company's business

   Page 21 to 40 of this report.

2. A description of the principal risks and uncertainties facing the company

   Page 22 to 24 and page 27 to 39 of this report.

3. Particulars of important events affecting the company that have occurred since the end of the financial year

   Page 75 to 77 of this report.

BUSINESS REVIEW *(CONTINUED)*

4. An indication of likely development in the company's business

   Page 39 to 40 of this report.

5. An analysis using financial key performance indicators

   Page 27 to 39 of this report.

6. The company's environmental policies and performance

   The Company has actively promoted the fundamental national policy of "pollution prevention and environmental protection. In developing the construction materials business, the Company has also made pragmatic endeavors in accomplishing tasks on environmental protection in the meantime. In accordance with the Environmental Protection Law of the People's Republic of China and other environment-related laws and regulations, together with the actual circumstances surrounding the construction materials industry being taken into account, the Company has formulated management protocols for environmental protection, energy conservation and emission cuts, clean production and other aspects, which are applicable to the Group as well. In its synchronized planning, implementation and development of the mining of raw materials, production and construction and environment, the Group has been constantly improving the quality of the production and living environment of the Company. The Group has also been committed to integration of energy conservation and emission cuts with cost reductions and efficiency enhancement when it comes to its production and operations in order to establish an enterprise which embraces the idea of resources saving and green practices. The Group has strictly implemented environment-related requirements and has been dedicated to sustainable development, striving for the synergy among economic, social and environmental benefits.

7. Compliance with relevant laws and regulations with a significant impact on the Company

   Save for Code Provision A.4.2 of Corporate Governance Code set out in Appendix 14 to the Listing Rules (for details, please refer to the descriptions on page 41 of Corporate Governance Report herein), the Company has been in compliance with relevant laws and regulations that have a significant impact on the Company. The Company has actively promoted legal education at the Group and issued documents in respect of the latest laws and regulations to its subsidiaries on a regular basis, thereby raising the legal awareness of all the employees in a holistic manner and in turn ensuring the strict compliance of the Group with regulations on fields such as corporate governance and environmental protection.

8. Key relationships with employees, customers, suppliers and others

   The Company is not aware of any key relationships between itself and its employees, customers, suppliers and others that have a significant impact on the Company and on which the Company's success depends.

PROPERTY, PLANT AND EQUIPMENT

The Group owns property, plant and equipment of approximately RMB126,225.42 million. Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SUBSIDIARIES AND ASSOCIATES

Details of each of the principal subsidiaries and associates of the Company are set out in Notes 20 and 21 to the consolidated financial statements.

CAPITALIZED INTERESTS

Details of capitalized interests of the Company during the year are set out in Note 9 to the consolidated financial statements.

Share Capital Structure (as at 31 December 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

Substantial Shareholders (as at 31 December 2015)

Name	Class of shares	Number of shares held	Percentage of total share capital *(%)*
Parent	Domestic Shares	666,962,522	12.35
	H Shares	8,536,000	0.29
BNBMG	Domestic Shares	1,485,566,956	27.52
CNBM Trading	Domestic Shares	227,719,530	4.22
Cinda	Domestic Shares	138,432,308	2.56
Building Materials Academy	Domestic Shares	1,173,050	0.02
Public Investors	H Shares	2,870,635,896	53.17
Total share capital		5,399,026,262	100

Note: Any discrepancies in the table between totals and sums of shareholding percentages are due to rounding.

DISCLOSURE OF INTEREST

1. Substantial Shareholders and persons who have an interest or short position disclosable under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO")

So far as was known to directors or supervisors of the Company, as at 31 December 2015, the shareholders (other than the directors or 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 Shareholders	Class of Shares	Long/short position/ Lending pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital (%)[1,5]	Percentage of total share capital (%)[1,5]
Parent	Domestic Shares	Long	Beneficial owner	666,962,522			
	Domestic Shares	Long	Interest of a controlled corporation	1,714,459,536			
				2,381,422,058	2,3	94.50	44.10
	H Shares	Long	Beneficial owner	8,536,000		0.29	0.15
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	95,354,034			
	H Shares	Long	Investment manager	418,000			
	H Shares	Long	Custodian	78,340,240			
				174,112,274	4	6.04	3.22
	H Shares	Short	Beneficial owner	11,839,101	4	0.41	0.21
	H Shares	Lending Pool	–	78,340,240	4	2.72	1.45

DISCLOSURE OF INTEREST *(CONTINUED)*

1. Substantial Shareholders and persons who have an interest or short position disclosable under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") *(continued)*

Notes:

1. As at 31 December 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 INTEREST *(CONTINUED)*

1. Substantial Shareholders and persons who have an interest or short position disclosable under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") *(continued)*

Notes: *(continued)*

4. JPMorgan Chase & Co. was deemed to hold interests in a total of 174,112,274 H Shares (long position) and 11,839,101 H Shares (short position) in the Company by virtue of its control over the following corporations, which held interests in the Company:

   4.1. J.P. Morgan Securities LLC held 5,880,124 H Shares (long position) and 11,101 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 5,000 H Shares (long position) in the Company. J.P. Morgan Clearing Corp was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

   4.3. J.P. Morgan Investment Management Inc. held 44,000 H Shares (long position) in the Company. J.P. Morgan Investment Management Inc. was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

   4.4. J.P. Morgan Whitefriars Inc. held 61,748,874 H Shares (long position) and 6,606,000 H Shares (short position) in the Company. J.P. Morgan Whitefriars Inc. was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

   4.5. J.P. Morgan Securities plc held 27,720,036 H Shares (long position) and 5,222,000 H Shares (short position) in the Company. J.P. Morgan Securities plc was owned as to 0.59% by J.P. Morgan Capital Financing Limited, which in turn was a wholly-owned subsidiary of JPMorgan Chase & Co., and 99.41% by J.P. Morgan Chase International Holdings, which in turn was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

   4.6. JPMorgan Chase Bank, N.A. held 78,340,240 H Shares (long position) in the Company. JPMorgan Chase Bank, N.A. was a wholly-owned subsidiary of JPMorgan Chase & Co..

   4.7. JPMorgan Asset Management (UK) Limited held 374,000 H Shares (long position) in the Company. JPMorgan Asset Management (UK) Limited was an indirect wholly-owned subsidiary of JPMorgan Chase & Co..

DISCLOSURE OF INTEREST *(CONTINUED)*

1. Substantial Shareholders and persons who have an interest or short position disclosable under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") *(continued)*

Notes: *(continued)*

4. *(continued)*

The entire interest and short position of JPMorgan Chase & Co. in the Company included a lending pool of 78,340,240 H Shares. Besides, 3,278,124 H Shares (long position) and 11,839,101 H Shares (short position) were held through derivatives as follows:

3,268,000 H Shares (long position) and 5,222,000 H Shares (short position)	–	through physically settled derivatives (on exchange)
778,000 H Shares (short position)	–	through cash settled derivatives (on exchange)
10,124 H Shares (long position) and 5,839,101 H Shares (short position)	–	through physically settled derivatives (off exchange)

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

Save as disclosed above, as at 31 December 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.

2. Interests and Short Positions of Directors and Supervisors

As at 31 December 2015, as far as the Company is aware, none of the directors nor 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 or 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for less than 30% of the Group's total sales amount.

During the year, the five largest suppliers of the Group accounted for less than 30% of the Group's total purchase amount and purchases from the Group's single largest supplier amounted to 0.82% of the Group's total purchases for the year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company during the year ended 31 December 2015 ("securities" shall have the meaning as defined in the Listing Rules).

TAX REDUCTION FOR HOLDERS OF LISTED SECURITIES

For the year ended 31 December 2015, holders of the Company's securities were not entitled to any tax reduction for holding such securities pursuant to their legal status in the PRC.

MINIMUM PUBLIC FLOAT

Based on the information that is publicly available to the Company and so far as the directors are aware,as at the date hereof, more than 25% of the Company's total issued shares are held by the public, which satisfied the requirement of the Listing Rules.

RESERVES

Movements in the reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity of this annual report.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company on 31 December 2015 were RMB3,589.7 million.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2015, the Group had approximately 134,158 employees.

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

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

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 shareholder 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 right 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 right 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 or unvested 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-controlledListing Company", the compensation should not exceed 40% of personal total salary and bonus.

The valid term of the SA Rights Plan is ten years and has expired as at 27 February 2016.

DIRECTORS AND SUPERVISORS (AS AT THE DATE OF THIS REPORT)

Executive Directors

Song Zhiping	(appointed on 10 March 2005)
Cao Jianglin	(appointed on 10 March 2005)
Peng Shou	(appointed on 20 June 2006)
Cui Xingtai	(appointed on 24 August 2009)
Chang Zhangli	(appointed on 15 November 2011)

Non-executive Directors

Guo Chaomin	(appointed on 15 November 2011)
Huang Anzhong	(appointed on 10 March 2005)
Tao Zheng	(appointed on 17 October 2014)

Independent Non-executive Directors

Shin Fang	(appointed on 15 November 2011)
Tang Yunwei	(appointed on 17 October 2014)
Zhao Lihua	(appointed on 17 October 2014)
Wu Liansheng	(appointed on 15 November 2011)
Sun Yanjun	(appointed on 17 October 2014)

Supervisors

Wu Jiwei	(appointed on 15 November 2011)
Zhou Guoping	(appointed on 10 March 2005)
Wu Weiku	(appointed on 17 October 2014)
Liu Jianwen	(appointed on 17 October 2014)
Cui Shuhong	(appointed on 10 May 2005)
Zeng Xuan	(appointed on 25 March 2016)

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the date of this report, each of the directors and supervisors has entered into a service contract with the Company for a term of a maximum of three years. There is no unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) in respect of any director proposed to be re-elected.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As at the date of this report, during the year and at any time during the period from the end of the year to the date of the report, except for the relevant service contracts, there were no transactions, arrangements or contracts of significance to which the Company or any of its holding companies or its subsidiaries or fellow subsidiaries was a party and in which any of directors or supervisors or any entity connected with such directors or supervisors (as defined in the Hong Kong Companies Ordinance) had a material interest, whether directly or indirectly.

DIRECTORS' AND SUPERVISORS' REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and Supervisors' remuneration who are the five highest paid individuals of the Company during the year are set out in Note 10 to the consolidated financial statements.

BOARD OF DIRECTORS AND SPECIAL COMMITTEES

As at the date of this report, the Board comprised 13 directors, whose biographies are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this report.

The Board established four special committees, namely, the Strategic Steering Committee, the Nomination Committee, the Audit Committee and the Remuneration and Performance Appraisal Committee, details of which are set out in the section headed "Corporate Governance Report" herein.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, there was no change in the Directors of the Company.

Ms. Zeng Xuan was elected as a staff representative Supervisor of the Company at the staff general meeting held on 25 March 2016 with a term of office same as the third session of the Supervisory Committee. Liu Zhiping no longer serves as a staff representative supervisor of the Company.

The sixteenth meeting of the third session of the Board convened on 25 March 2016 considered and approved to appoint Ms. Pei Hongyan as the chief accountant of the Company and Mr. Zhang Dongzhuang as the vice president of the Company, both with a term of office same as the third session of the Board.

MANAGEMENT CONTRACTS

Except for the service contracts of the management of the Company, no contracts were entered into betweenthe Company and any individuals, companies or legal corporations, for the management or handling of all orany material part of the Company's business.

CONNECTED TRANSACTIONS

Partially Exempted Continuing Connected Transactions

The connected transactions of the Company, which are also related party transactions, are set out in Note 43 to the consolidated financial statements in accordance with International Accounting Standard 24 "Related Party Disclosure".

The following transactions entered into by the Company constitute "continuing connected transactions" asdefined under chapter 14A of the Listing Rules:

Transactions with the Parent Group

As at the date of this report, the Parent has a direct equity interest of 12.51% and total direct and indirect equity interest of 44.27% in the Company. It is a controlling shareholder of the Company. Each of the Parent and its subsidiaries therefore constitutes a connected person of the Company under the Listing Rules.

1. Master Purchase of Mineral Agreement

On 27 December 2013, the Company entered into a Master Purchase of Mineral Agreement with the Parent, for a term of three years commencing from 1 January 2014, whereby the Parent agreed to supply, or procure its subsidiaries to supply limestone and clay for the Company and its subsidiaries,to ensure supply of mineral ore for the Company's production for clinker and other cement products. The Parent and its subsidiaries shall supply to the Company and its subsidiaries limestone and clay from its quarries at the following basis of pricing:

(a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same ornearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets; and

(b) the price based on the actual costs incurred plus a reasonable profit margin with reference tothe general range of profit in the industry, and will be determined on terms not less favourable than those sold by independent third parties to the Company or sold by the Parent to independent third parties.

For the year ended 31 December 2015, the Group's expenditure for ore supplied by the Parent Group was RMB18.7 million.

CONNECTED TRANSACTIONS *(CONTINUED)*

Transactions with the Parent Group *(continued)*

2. Master Mutual Provision of Products and Services Agreement

On 27 December 2013, the Company entered into a Master Mutual Provision of Products and Services Agreement with the Parent for a term of three years commencing from 1 January 2014, pursuant to which:

(a) the Parent agreed to provide, or procure its subsidiaries to provide, the following products and services to the Company and its subsidiaries:

- Production supplies: raw materials and commodities (including grinding aid, spare parts, refractory materials); and

- Services: equipment repair, design and installation, property management services; technology services and other services;

(b) the Company agreed to provide, or procure its subsidiaries to provide the following production supplies and support services to the Parent and its subsidiaries:

- Product supplies: raw materials and commodities (including clinker, cement, lightweight building materials); and

- Services: supply of water, electricity and steam, etc.

The provision of production supplies and support services pursuant to the Master Mutual Provision of Products and Services Agreement shall be provided at:

(a) the prices prescribed by the price control authorities of the PRC;

(b) if no prices are prescribed by the price control authorities, the guided prices issued by the relevant PRC authorities;

(c) if no prices are prescribed by the price control authorities and no guided prices are issued by the relevant PRC authorities, the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets;

CONNECTED TRANSACTIONS *(CONTINUED)*

Transactions with the Parent Group *(continued)*

2. Master Mutual Provision of Products and Services Agreement *(continued)*

(d) if none of the prices mentioned above is applicable, the prices will be deemed to be the reasonable costs incurred in providing the same products and services plus a profit margin of not more than 5% over such costs. The prices for water, electricity and steam are currently prescribed by the government.

For the year ended 31 December 2015, the Group's expenditure for the products and services provided by the Parent Group was RMB451.8 million.

For the year ended 31 December 2015, the Group's revenue from the product supplies and services provided to the Parent Group was RMB1,011.6 million.

3. Master Purchase of Equipment Agreement

On 27 December 2013, the Company entered into a Master Purchase of Equipment Agreement with the Parent for a term of three years commencing from 1 January 2014, whereby the Parent agreed to supply, or procure its subsidiaries to supply, roller presses, waste heat generators and other auxiliary facilities to the Company and its subsidiaries in order to satisfy the operational needs of the Company and its subsidiaries. The Parent and its subsidiaries shall supply to the Company and its subsidiaries equipment at the following basis of pricing:

(a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets; and

(b) the price based on the actual costs incurred plus a reasonable profit margin with reference to the general range of profit in the industry, and will be determined on terms not less favourable than those sold by independent third parties to the Company or sold by the Parent to independent third parties.

For the year ended 31 December 2015, the Group's expenditure for equipment supplied by the Parent Group was RMB35.1 million.

CONNECTED TRANSACTIONS *(CONTINUED)*

Transactions with the Parent Group *(continued)*

4. Master Provision of Engineering Services Agreement

On 27 December 2013, the Company entered into a Master Provision of Engineering Services Agreement with the Parent, for a term of three years commencing from 1 January 2014, whereby the Company agreed to supply, or procure its subsidiaries to supply engineering design, construction and supervisory and other services to the Parent and its subsidiaries. The Company and its subsidiaries shall supply to the Parent and its subsidiaries engineering services at the following basis of pricing:

(a) the relevant guided prices issued by the PRC government (i.e. the price falls within the rangeas permitted by applicable laws and regulations of the PRC and agreed between both parties);

(b) if no guided prices are issued by the PRC government, the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets;

(c) if no guided prices are issued by the PRC government and there is no market price, the price for equivalent project services based on the actual costs incurred plus a reasonable profit margin with reference to the general range of profit in the industry, and will be determined on terms not more favourable to the Parent Group than those offered by independent third parties to the Parent Group or offered by Group to independent third parties;

(d) if the contract is granted by way of tender, the price should be determined in accordance with the procedures of the regulatory authority for the tender in the place of the construction project.

For the year ended 31 December 2015, the Group's revenue for engineering services provided to the Parent Group was RMB314.3 million.

CONNECTED TRANSACTIONS *(CONTINUED)*

Transactions with the Parent Group *(continued)*

Transactions Between North Cement and Jingang Group

As Jingang Group holds a 20% equity interest in North Cement and North Cement is a subsidiary of the Company, therefore Jingang Group and its subsidiaries are connected persons of the Company pursuant to the Listing Rules.

Master Agreement on Sale of Products

On 27 December 2013, North Cement, a 70% held subsidiary of the Company, entered into the Master Agreement on Sale of Products covering the period from 1 January 2014 to 31 December 2016 with Jingang Group, pursuant to which North Cement and its subsidiaries agreed to sell certain products to Jingang Group and its subsidiaries. The products included ultra-fine powder/slag, clinker and cement. The prices of the products under the agreement would be determined based on the following priorities:

(a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets; and

(b) the price based on the actual costs incurred plus a reasonable profit margin with reference to the general range of profit in the industry, and will be determined on terms not more favourable to Jingang Group than those offered by independent third parties to Jingang Group or offered by North Cement to independent third parties.

For the year ended 31 December 2015, the Group's revenue from the provision of products to Jingang Group and its subsidiaries (including ultra-fine powder/slag, clinker and cement) was approximately RMB14.5 million.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditors of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group.

CONNECTED TRANSACTIONS *(CONTINUED)*

Transactions with the Parent Group *(continued)*

Transactions Between North Cement and Jingang Group *(continued)*

Master Agreement on Sale of Products *(continued)*

The auditors of the Company have reviewed the continuing connected transactions of the Group, and reported to the Board that:

(1) nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board;

(2) nothing has come to their attention that causes them to believe that the transactions involving provision of goods or services were not conducted in accordance with the pricing policy of the Group;

(3) nothing has come to their attention that causes them to believe that the transactions were not conducted in accordance with the terms of the agreement governing it; and

(4) nothing has come to their attention that causes them to believe that the values of continuing connected transactions entered into between the Group and its connected persons which are subject to annual caps have exceeded their respective annual cap.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The independent non-executive directors of the Company have reviewed these connected transactions and have considered the procedures performed by the auditors of the Company in reviewing them and confirmed that the connected transactions have been conducted:

(i) in the ordinary and usual course of business of the Company;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) Independent Third Parties; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

PARTIALLY-EXEMPTED CONNECTED TRANSACTIONS

For the year 2015 and up to the date of this report, the Company entered into the following partially-exempted connected transactions:

Acquisition of equity interest in Taishan Gypsum through share issuance of BNBM

On 13 October 2015, BNBM (an approximately 45.20%-owned subsidiary of the Company) entered into the Framework Agreement in relation to the Acquisition of Assets through Share Issuance by Beijing New Building Material Public Limited Company with Taishan Gypsum (a 65%-owned, directly and indirectly, subsidiary of BNBM) Minority Shareholders in relation to the acquisition of the 35% Equity Interest in Taishan Gypsum held by Taishan Gypsum Minority Shareholders collectively through a private issuance of BNBM shares to Taishan Gypsum Minority Shareholders. Pursuant to the Framework Agreement, upon completion of the transaction, BNBM will directly and indirectly hold 100% equity interest in Taishan Gypsum. Taishan Gypsum Minority Shareholders will become shareholders of BNBM, and the equity interest held by the Company in BNBM will reduce from approximately 45.20% to approximately 35.84%. Both BNBM and Taishan Gypsum will remain as subsidiaries of the Company. As Tai'an Guotai Min'an Investment Group Limited (hereinafter referred to "Guotai Min'an Investment"), one of the Taishan Gypsum Minority Shareholders, is a substantial shareholder of Taishan Gypsum holding 16% equity interest in Taishan Gypsum and Jia Tongchun, one of the Taishan Gypsum Minority Shareholders, is a substantial shareholder of Taishan Gypsum holding 11.36% equity interest in Taishan Gypsum and chairman of the board and general manager of Taishan Gypsum, Guotai Min'an Investment and Jia Tongchun are connected persons of the Company at the subsidiary level under the Listing Rules. The transaction in relation to the acquisition of the 35% Equity Interest in Taishan Gypsum through private issuance of shares of BNBM constitutes a connected transaction of the Company involving connected persons of the Company at the subsidiary level. On 15 January 2016 and 25 January 2016, BNBM entered into two supplementary agreements with Taishan Gypsum Minority Shareholders respectively, pursuant to which, the parties agreed that the transaction price of the target assets (i.e. 35% of the equity interests of Taishan Gypsum) shall be RMB4,195,499,000 and Taishan Gypsum Minority Shareholders agreed to provide compensation for the contingent risks arising from the acquisition of the target assets and lock up the 97,590,590 BNBM shares acquired.

Details of the acquisition of the equity interests in Taishan Gypsum by BNBM were disclosed in the announcement of the Company published on 13 October 2015. As of the date of this report, the transaction had not been completed.

NON-COMPETITION AGREEMENT

As at the date of this report, Parent confirmed that it has complied and will comply with the Non-Competition Agreement dated 28 February 2006 entered into with the Company. Pursuant to this agreement, Parent has agreed not to, and to procure its subsidiaries (excluding the Group) not to compete with the Group in its core businesses.

None of the directors of the Company is interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As of 31 December 2015, the Group had not placed any designated deposits with any financial institution in the PRC, nor had it failed to collect any time deposits upon maturity during the year.

PRE-EMPTIVE RIGHTS

Under the Articles of Association of the Company and the laws of the PRC, there are no provisions about pre-emptive rights that require the Company to offer new shares to its existing shareholders in proportion to their shareholdings.

AUDITORS

At the Board meeting held on 24 March 2015, pursuant to the authorisation granted at the 2014 AGM held on 22 May 2015 the Board determined to continue to engage Baker Tilly HK and Baker Tilly China as international and domestic auditors of the Company respectively, to hold office until the date of convening the 2015 annual general meeting. Baker Tilly HK has audited the financial statements prepared under the International Financial Reporting Standards.

DONATIONS

Donations for charitable or other purposes made by the Group during the Reporting Period amounted to RMB16,126,000.92.

ISSUE OF DEBENTURES

During the Reporting Period, the Company issued the following debentures in an aggregate principal amounts of RMB64.5 billion to expand its financing channels, meet capital requirements, optimise its debt structure, utilise the financing function of the debt market fully and reduce its financing cost.

On 29 October 2015, the Company completed issuance of one tranche of the perpetual medium-term debentures for cash in an aggregate principal amounts of RMB5 billion, par value of RMB100.

On 6 November 2015, the Company completed issuance one tranche of medium-term debentures for cash in an aggregate principal amounts of RMB3 billion, par value of RMB100.

During the Reporting Period, the Company completed issuance of fourteen tranches of the super short-term commercial paper for cash in an aggregate principal amounts of RMB56.5 billion, par value of RMB100.

Please see below for particulars of any other matter that is material for the appreciation of the state of the Company's affairs by the Shareholders.

I. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, save for 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.

References are made to the overseas regulatory announcement dated 30 May 2010 by the Company reproducing the announcement of BNBM in respect of the gypsum board in the United States and the Company's announcements dated 18 July 2014, 20 August 2014, 13 February 2015, 13 March 2015 and 18 March 2016, the 2014 annual report, the 2015 interim report and the 2015 third quarterly report of the Company setting out information on the subsequent development of the gypsum board litigation in the United States.

During the reporting period, the Company, BNBM and Taishan Gypsum continued to defend their respective interests vigorously in the gypsum board litigation in the US. The Company was informed that, with such efforts, certain members in the class action have withdrawn the litigation and the plaintiffs steering committee have filed pleadings to the court to change the claimed remedial class damages to approximately US$350 million.

As the gypsum board litigation in the US is in progress, there may be new cases or new claimants joining the litigation or other parties withdrawing their petitions. The plaintiffs steering committee has recently filed a new proposed and amended class action complaint, listing approximately 1,100 claimants, most of whom were newly added to the litigation. As at the date of this announcement, it is still unknown how many claimants will allege that the damages they suffered were caused by the gypsum boards of BNBM or Taishan Gypsum or other manufacturers. The Company has recently been notified by the Parent that an order has been made by the Federal District Court of the Eastern District of Louisiana, the United States on 9 March 2016 (U.S. time) to dismiss the lawsuit filed by the plaintiff against the Parent.

The Company, BNBM and Taishan Gypsum have respectively engaged domestic and overseas lawyers to consider and assess the litigation strategies and defence as well as its impact on each of the parties above. At present, the economic loss of the Company and the impact on its profit for the current period (if any) that may result from the case cannot be accurately estimated. The Company will make further disclosures as and when necessary or appropriate based on the progress of the litigation.

I. MATERIAL LITIGATION AND ARBITRATION *(CONTINUED)*

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 China Shanshui Cement Group Limited (hereinafter referred to "Shanshui Cement") and the relevant legal proceedings on 3 November 2014, another voluntary announcement in relation to the update on legal proceedings on 26 January 2015 and the 2015 interim report, 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 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 mentioned case was discontinued on 12 August 2015 on application by the plaintiffs and agreed by the defendant. For details on this litigation, please refer to the announcements dated 3 November 2014, 26 January 2015 and the 2015 interim report.

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 defendant 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.

As of the present moment, the relevant courts have delivered judgement in respect of a number of the relevant litigations, holding Zizhong Southwest and Southwest Cement jointly and severally liable for relevant liabilities of Dongfanghong, and the court has deducted bank deposit of RMB150 million of Southwest Cement. Zizhong Southwest and Southwest Cement has applied to the Supreme People's Court for a retrial and the Supreme People's Court has ordered a retrial by itself and suspended the execution of the case on 18 November 2015; Zizhong Southwest and Southwest Cement have initiated arbitration proceedings against Dongfanghong, China International Economic and Trade Arbitration Commission has ordered Dongfanghong and its five natural shareholders to undertake the joint and several indemnity liability of RMB196 million on 20 July 2015. 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.

II. MATERIAL TRANSACTIONS

Acquisition of equity interest in Taishan Gypsum through share issuance of BNBM

Reference is made to the transaction in respect of acquisition of equity interest in Taishan Gypsum through share issuance of BNBM to be mentioned in the section headed "Partially-exempted Connected Transactions" of the Company's annual report for the year ended 31 December 2015 (the "2015 Annual Report"), upon the completion of the transaction, the Company's shareholding in BNBM will decrease from approximately 45.20% to approximately 35.84%, therefore, pursuant to Rule 14.29 of the Listing Rules, the transactions contemplated under the framework agreement constitute a deemed disposal of the Company's shareholding in BNBM. The deemed disposal constitutes a discloseable transaction of the Company.

Please refer to the description in the section headed "Partially-exempted Connected Transactions" of the 2015 Annual Report for details of acquisition of equity interest in Taishan Gypsum through share issuance of BNBM. The transaction has been disclosed in the announcement of the Company dated 13 October 2015. As at the date of this announcement, the transaction has not yet completed.

By order of the Board
Song Zhiping
Chairman of the Board

Beijing, the PRC
25 March 2016

Report of the Supervisory Committee

Dear shareholders,

During the Reporting Period, to carry out the duties as authorized under the Company Law and the Articles of Association of the Company so as to protect the interests of the Company and its shareholders, allmembers of the third session of the supervisory committee of the Company (the "Supervisory Committee"), had truthfully and responsibly carried out effective supervision over the operational management,financial position and information disclosures as well as the performance of duties by the Directors and senior management of the Company for the year.

During the Reporting Period, the Supervisory Committee held a total of two meetings and attended the majority of the Board meetings. The Supervisory Committee has reviewed the Supervisory Committee Working Report of the Company for 2014, the auditor's report and audited financial statements of the Group for 2014, the profit distribution plan and the final dividend distribution plan for 2014, the interim financial report and results announcements for 2015, the interim auditor's report and the audited financial statements for 2015, as well as the handling of interim dividends for 2015 and other matters. The committee inspected and reviewed the financial position of the Company and supervised the performance of duties of Directors and the senior management of the Company.

During the Reporting Period, through performing the supervisory role authorized by the Articles of Association,the Supervisory Committee is of the opinion that, the Board of the Company had complied with the requirements of the Company Law, the Articles of Association of the Company and other relevantrules, regulations and systems, reviewed the operation of the Company in an objective and reliable manner in order to and made legitimate and sensible decisions. Directors and the senior management of the Company had conscientiously implemented the laws and regulations of the State, the Articles of Association, resolutions passed at shareholders' general meetings and Board meetings. They have also been dedicated to their duties with honesty, and always attached great importance to the benefit of the Company and the Shareholders.

The supervisory committee reviewed the information disclosure position of the Company regularly or from time to time. It is of the view that the Company had complied with relevant requirements of the Listing Rules and other regulations; it performed well in information disclosures by disclosing appropriate information in a timely manner and the disclosed contents are truthful, accurate, complete, and effective, without false statements, misleading representations or material omission.

The Company carried out standard financial audits, operated proper financial strategies and put in place a sound internal control system. The financial reports of the Company reflect, in an objective, true and fairmanner, the Company's financial conditions and operating results in all major aspects, and are truthful and reliable as expected of the Company's development. In reviewing the Company's financial standing and examining the directors' and senior management's performance of duties, the Supervisory Committee did not find any breach of laws, regulations, the Articles of Association of the Company or any other rules orprovisions, or any harm against the interests of the Company or its shareholders.

Under the macro situation of the slowdown of the growth rate of the building material industry and the strict background of overcapacity in 2015, the Supervisory Committee has appraised the Company for its capability in overcoming obstacles and difficulties, carrying out steady solutions and undertaking diligent and attentive works, and hoped the Company to hold the stress, grasping opportunities from crisis and achieve stable actual results.

In face of the critical economic landscape and pressure in the industry for 2015, the Supervisory Committeeis satisfied with the Company's achievement in all respect and economic benefit gained from overcomingdifficulties, and is confident in the Company's prospects in 2016 onwards.

In the new year, the Supervisory Committee will stay vigilant to the development of the Company, perform its supervisory duties by adhering to the principle of honesty and diligence, closely monitor the development of the Company and fully develop the advantages of supervision to continuously improve the management of the Company, as well as concretely safeguard and guarantee the legitimate interests of the Company and its shareholders, in compliance with relevant laws, regulations and the Articles of Association of the Company.

Wu Jiwei
Chairman of the Supervisory Committee

Beijing, the PRC
25 March 2016

DIRECTORS

Executive Directors

Mr. Song Zhiping, born in October 1956, is the chairman of the Board and an executive director of the Company. Mr. Song has over 35 years of experience in business and management in China's building material industry. He has served as the chairman of Parent since October 2005 and the chairman of the Board and executive director of the Company since March 2005. He served as the chairman of China United from March 2003 to February 2005 and the general manager of Parent from March 2002 to October 2005.He also served as the vice general manager and the vice general manager of general affairs of Parent from October 1995 to March 2002, respectively. From May 1997 to May 2002, Mr. Song served as the chairman of BNBM and the chairman of BNBMG since January 1996. Mr. Song served several positions in BNBMG(both prior to and after its conversion) from September 1987 to July 2002, including the deputy director and the director of the factory, the general manager and the secretary to the Party Committee. Mr. Song has served as an external director and the chairman of China National Pharmaceutical Group Corporation form May 2009 to April 2014. Mr. Song received a bachelor's degree in polymer from Hebei University in September 1979 and received an MBA degree from Wuhan Poly-technic University (now Wuhan University of Technology) in July 1995 and a doctor's degree in management from Huazhong University of Science and Technology in May 2002. Mr. Song is qualified as a professor-grade senior engineer and was awardeda special grant of the government approved by the State Council. At present Mr. Song consecutively acts as the vice president of China Building Materials Industry Association (中國建築材料聯合會), the vice presidentof China Enterprise Confederation, the chairman of the board (主席團主席) of China Federation of Industrial Economics, the vice president of China's Listed Companies Association (中國上市公司協會), the vicepresident of China Logistics Alliance Network (中國物流與采購聯合會), the president of the China Capital Entrepreneurs' Club (首都企業家俱樂部), a member of the China National MBA Education Supervisory Committee and the chairman of China Enterprise and Development Research Association (中國企業與發展研究會). Mr. Song was elected as the representative of the Eighteenth National Congress of Communist Party of China. Mr. Song received a number of awards and titles for his management and entrepreneurial skills, including National Model Worker (全國勞動模範), the Eighth Session of National Outstanding Entrepreneur "Golden Globe Awards" (第八屆全國優秀企業家金球獎), Management Elite Award (管理人物精英獎), one of the Top Ten Merger and Acquisition Businessmen in the PRC (中國十大併購人物), the Yuan Baohua Enterprise Management Gold Award (袁寶華企業管理金獎) and the China Enterprise Reform Medallion in the Thirty Years of Reform and Opening Up (改革開放30年中國企業改革紀念章), the People with Outstanding Contribution to Social Responsibility Undertakings (人民社會責任傑出貢獻人物), the Golden Bauhinia Awards "Most Influential Leader" (中國證券金紫荊獎最"具影響力領袖獎"), The People of the Year in Chinese Economy in 2012 (2012年中國經濟年度人物獎), China Economic Leaders Award in 2012 (2012年華人經濟領袖獎), the first prize of National Corporate Management Modernization and Innovation Achievements (國家級企業管理現代化創新成果),the"25 Most Influential Corporate Leaders of the Year of 2013" (2013年度最具影響力的25位企業領袖) as well as The Businessman of China of the Year of 2013(2013年度中國商人), etc..

DIRECTORS *(CONTINUED)*

Executive Directors *(continued)*

Mr. Cao Jianglin, born in September 1966, is the president and an executive director of the Company. Mr. Cao has nearly 25 years of experience in business and management in the building material industry. Mr. Cao has been a general manager of the Parent since April 2014, a director of China United and the chairman of the board of Southwest Cement since December 2011, the chairman of the supervisory committee of BNBM since September 2009, the chairman of North Cement since March 2009, the chairman of South Cement since September 2007, the chairman of the supervisory committee of BNBMG since August 2005, a director of Parent since October 2005, the chairman of the supervisory committee of China United from April 2005 to December 2011, the president and an executive director of the Company since March 2005. Mr. Cao was the chairman of BNBM from October 2004 to August 2009, the director of both China Composites and China Triumph since September 2004, the chairman of China Jushi (formerly known as China Fiberglass) since June 2002 and the chairman of CNBM Investment (formerly known as BND Co., Limited) from March 2002 to August 2014. From April 1998 to October 2005, Mr. Cao served in a number of positions in Parent and the Group, including the general manager assistant,the vice general manager and the vice chairman of BNBMG, the general manager assistant and the vicegeneral manager of Parent, the president of CNBM Investment and the general manager of China Jushi. Mr. Cao received a bachelor's degree in economics from Shanghai University of Finance and Economics in July 1990 and an MBA degree from Tsinghua University in January 2004. Mr.Cao is a researcher and was awarded a special grant of the government approved by the State Council. Mr. Cao was granted Model Worker of China Central Government Enterprises, Excellent Entrepreneur of the State and was awarded the first prize of National Corporate Management Modernization and Innovation Achievements (國家級企業管理現代化創新成果). He has been awarded the title of "The Best CEO" by Institutional Investor for three consecutive years.

Mr. Peng Shou, born in August 1960, is the vice president and an executive director of the Company. Mr. Peng has over 30 years of experience in business and management in the building material industry. He is an expert in inorganic materials research and development as well as engineering design and consulting. Mr. Peng has served as an executive director of the Company since June 2006, a vice president of the Company since March 2005, the chairman of China Triumph since September 2004 and the president of China Triumph since May 2002. He also served as the deputy general manager of China Triumph from June 2001 to May 2002. Mr. Peng received a bachelor's degree in engineering from Wuhan Institute of Building material industry (now Wuhan University of Technology) in December 1982 and a master's degree in management from Wuhan Poly-technic University (now Wuhan University of Technology) in June 2002. Mr. Peng is qualified as a professor level senior engineer and was awarded a special grant of the government approved by the State Council. At present Mr. Peng concurrently acts as the executive member of International Commission on Glass, the director of State Key Laboratory of Float Glass New Technology (浮法玻璃新技術國家重點實驗室), the vice chairman of China Silicate Association (中國硅酸鹽學會), the deputy chairman of the China Building and Industrial Glass Committee and the vice president of China Building Material Federation. Mr. Peng was awarded National Model Worker (全國勞動模範), National May Day Labor Medal, State Technology Advancement (國家級科技進步獎), Guanghua Engineering Science and Technology Award of Chinese Academy of Engineering and Science and Technology Innovation Award of Ho Leung Ho Lee Foundation. As a National Engineering Survey and Design Master (國家級工程勘察設計大師), he is also among the first group of national candidates for the New Century Hundred-Thousand-Ten Thousand Talents Project (新世紀百千萬人才工程) and State Outstanding Technical Officer (全國優秀科技工作者).

DIRECTORS *(CONTINUED)*

Executive Directors *(continued)*

Mr. Cui Xingtai, born in November 1961, is the vice president and an executive director of the Company. Mr. Cui has over 30 years of business and management experience in building material industry. He has served as a director of Southwest Cement since December 2011, an executive director of the Company since August 2009, a director of South Cement since September 2007, the chairman of China United since April 2005, a vice president of the Company since March 2005 and the secretary of the Party Committee of China United since August 2004. Mr. Cui served as the vice chairman of China United from August 2004 to April 2005, the deputy chief engineer of the Parent from November 2003 to March 2005, and the deputy general manager of China United from April 2002 to August 2004, the chief engineer of China United from July 1999 to August 2004. From June 1997 to January 1999, Mr. Cui served as the head of Lunan Cement Factory. Mr. Cui received a bachelor's degree in engineering from Wuhan Institute of Building Material Industry (now Wuhan University of Technology) in July 1984 and obtained post graduate education in enterprise management from the Graduate School of the Chinese Academy of Social Sciences in July 1998. Further, he received an EMBA degree from Tsinghua University on January 2008. Mr. Cui is qualified as a professor-level senior engineer and was awarded a special grant of the government approved by the State Council. At present Mr. Cui concurrently acts as the vice president of China Cement Association. Mr. Cui was awarded the National Outstanding Entrepreneur of Building Material Industry (全國建築材料行業優秀企業家), the first prize of National Building Material Industry Corporate Management Modernization and Innovation Achievements (國家級建材行業企業管理現代化創新成果), the first prize of National Corporate Management Modernization and Innovation Achievements (國家級企業管理現代化創新成果) and an Outstanding Communist Party Member of China Central Government Enterprises (中央企業優秀共產黨員) honored by SASAC of the state council.

Mr. Chang Zhangli, born in December 1970, is the vice president, a secretary to the Board and an executive director of the Company. Mr. Chang has over 20 years' experience in handling listing-related matters for listed companies, has participated in all major matters relating to the global offering of the shares of the Company and listing of shares of the Company on the Stock Exchange. Mr. Chang has served as the acting president of Southwest Cement since January 2015, and a director of China Triumph since October 2012, the director of China United and China Composites and the vice chairman of the board of Southwest Cement, an executive Director of the Company since November 2011 and a director of North Cement since March 2009, a director of BNBM since July 2008, a director of South Cement since September 2007, the vice president of the Company since August 2006, a director of China Jushi (formerly known as China Fiberglass) since July 2005, the secretary to the Board of the Company since March 2005 and a director of CNBM Investment (formerly known as BND Co., Limited) since December 2000. From June 2000 to March 2005, Mr. Chang assumed in a number of key positions in BNBM, including the secretary to the board and the deputy general manager. Mr. Chang is an engineer who received a bachelor's degree in engineering from Wuhan Poly-technic University (now Wuhan University of Technology) in July 1994 and received an MBA degree from Tsinghua University in July 2005. Currently, Mr. Chang serves as the vice president of the Listed Companies Association of Beijing. Mr. Chang was awarded the first prize of National Corporate Management Modernization and Innovation Achievements (國家級企業管理現代化創新成果).

DIRECTORS *(CONTINUED)*

Non-executive Directors

Mr. Guo Chaomin, born in August 1957, is a non-executive director of the Company. Mr. Guo has over 35 years of experience in business and management in the building material industry of China. He has been a non-executive director of the Company since November 2011, the general manager of China National United Equipment Group Corp. from October 2006 to March 2010, the general manager of Parent since September 2003, the general manager assistant of Parent from April 2002 to September 2003, the general manager of investment and development department of Parent from April 2002 to August 2004, the general manager of Zhongbei Glass Industrial Company (中北玻璃工業公司) from December 2002 to February 2004 and the deputy chief accountant of Parent from May 1998 to April 2002. During the period from March 1983 to May 1998, Mr. Guo served successively in several positions in the Parent including the deputy head, the head, the deputy manager and the manager of planning and finance department. Mr. Guo received a bachelor's degree in economics from Renmin University of China in March 1983 and an MBA degree from China Europe International Business School in May 1998. Mr. Guo is a senior economist.

Mr. Huang Anzhong, born in July 1963, is a non-executive director of the Company. Mr. Huang has nearly 30 years of experience in business and management in the building material industry. Mr. Huang has served as the chairman of CNBM Trading since January 2015, the vice general manager of Parent since December 2009, the non-executive director of the Company since March 2005 and the general manager of CNBM Trading from January 2005 to January 2015. Mr. Huang served as the supervisor of China Jushi (formerly known as China Fiberglass) from March 1999 to July 2005, the vice general manager and the general manager of China National Building Material & Equipment Import and Export Company from April 1996 to January 2005, Mr. Huang graduated with a bachelor's degree in engineering from Nanjing Institute of Chemical Technology in July 1985 and received an EMBA degree from Xiamen University in May 2005. Mr. Huang is a researcher and was awarded a special grant of the government approved by the State Council. Mr. Huang was once rewarded as the Working Model of China Central Enterprises.

Mr. Tao Zheng, born in February 1975, is a non-executive director of the Company. Mr. Tao has nearly 20 years of experience in corporate operation and management as well as handling matters of listed companies, with participation in various major matters relating to capital operation, merger and acquisition as well as re-organisation. Mr. Tao has been serving as a non-executive director of the Company since October 2014, a director, the general manager and deputy secretary of the party committee of BNBMG since July 2014. From August 2009 to July 2014, Mr. Tao acted as deputy general manager and secretary of the board of directors of China Jushi (formerly known as China Fiberglass). From February 2005 to August 2009, Mr. Tao assumed a few important posts in BNBM including assistant general manager, general manager of the procurement department, secretary of the board of directors and so forth. From February 2001 to February 2005, Mr. Tao held several positions such as assistant president, general manager of the hardware business department and general manager of the general management department of CNBM Investment (formerly known as BND Co., Limited). Mr. Tao obtained a bachelor's degree of international trade from Nankai University in June 1997 and an MBA degree from Peking University in July 2009. Mr. Tao currently also serves as the deputy chief secretary of the Listed Companies Association of Beijing, a member of Central Enterprises Youth Union, a director of China Youth Entrepreneurs Association, the vice chairman of the China Capital Entrepreneurs' Club (企業家俱樂部), the vice chairman of China Construction and Decoration Material Association (中國建築裝飾裝修材料協會), executive director of China Enterprise and Development Research Association (中國企業改革與發展研究會).

DIRECTORS *(CONTINUED)*

Independent non-executive Directors

Mr. Shin Fang, born in December 1941, is an independent non-executive director of the Company. He has extensive experience in business and management in respect of corporate management and capital operation and has been an independent non-executive director of the Company since November 2011. In May 2000, Mr. Fang established SF CAPITAL LTD., serving as its president, and he worked for GET MANUFACTURING INC. from January 1996 to May 2000 as its chairman. Mr. Fang has been the director of Chung Tak Lighting Control Systems (Guangzhou) Ltd. (廣州市中德電控有限公司) since August 1993 and the director of Yue-Sai Kan Cosmetics Ltd. (靳羽西化妝品有限公司) from July 1992 to December 2000. He served as the managing director of GENERAL ELECTRONICS (HK) LTD. from January 1969 to December 1995. Mr. Fang obtained a bachelor's degree in Physics from Rensselaer Polytechnic Institute in June 1964 and an MBA from Columbia University in US in June 1966.

Mr. Tang Yunwei, born in November 1944, is an independent non-executive director of the Company. He has extensive experience in corporate operation and financial management. Mr. Tang has been an independent non-executive director of the Company since October 2014 and an independent supervisor of the Company from November 2011 to October 2014 and served as a member of China Accounting Standards Committee (中國會計準則委員會) from November 2004 to November 2011. He has been the president of Shanghai Accounting Association (上海市會計學會) from 2002 to 2012 and successively served as the chief accountant, senior consultant and management partner in Ernst & Young Da Hua from January 2002 to December 2008. He has served as a senior researcher in the International Accounting Standards Committee from March 1999 to January 2000. Mr. Tang has been a member of China Accounting Standards Committee from 1998 to 2011. He was the president of Shanghai University of Finance and Economics from October 1993 to January 1999. He was the chairman of Puhua Dahua Certified Public Accountants from 1993 to 1998 and served as a lecturer, associate professor, professor, assistant to the president and vice president of Shanghai University of Finance and Economics from 1984 to September 1993. Mr. Tang received a bachelor's degree in accounting from Shanghai University of Finance and Economics in August 1968, a master's degree in economics from Shanghai University of Finance and Economics in August 1983 and a doctor's degree in economics from Shanghai University of Finance and Economics in January 1988, and he is a certified accountant recognized by the Chinese Institute of Certified Public Accountants. Mr. Tang served as an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd.. He used to serve as independent directors of Jiangsu Zhongnan Construction Group Co.,Ltd., Tungkong Inc.. and Shanghai Bairun Flavour & Fragrance Co., Ltd. Mr. Tang was honored by American Accounting Association as a distinguished international visiting professor, an honorable member of the Association of Chartered Certified Accountants and was recognized by State Education Commission and Ministry of Human Resources as returned overseas with outstanding contributions to the progress of socialist modernization.

DIRECTORS *(CONTINUED)*

Independent non-executive Directors *(continued)*

Mr. Zhao Lihua, born in September 1942, is an independent non-executive director of the Company. Mr. Zhao has accumulated substantial experience in corporate management. He has been an independent non-executive director of the Company since October 2014 and an independent Supervisor of the Company from November 2011 to October 2014 and served as an independent director of China Jushi (formerly known as China Fiberglass) from July 2003 to April 2011 and the chief supervisor of Sinosafe General Insurance Co. Ltd from July 2003 to June 2011. He served as the chairman of the board of directors of Hebei Huda Technology and Education Development Co., Ltd. from March 2000 to October 2002, the vice director of Hunan Physics Association (湖南省物理學會) from March 1997 to August 2008. He has been a Ph.D supervisor in Hunan University from May 1996 to December 2009. From May 1995 to July 1995, he conducted cooperative research in University of Wisconsin-Madison. He served as a vice president of Hunan University from March 1992 to March 2000 and was a visiting professor of University of Hanover in Germany in 1989. He served as a professor of the Department of Applied Physics since June 1987 and the deputy head and head of Laboratory Management Department of Hunan University from March 1984 to March 1992. Mr. Zhao was a visiting scholar of the University of Wisconsin-Madison in the United States from August 1979 to August 1981 and successively served as an instructor, a lecturer and associate professor of the department of applied physics in Hunan University from May 1978 to June 1987. Mr. Zhao received a bachelor's degree in theoretical physics from Hunan University in July 1965 and published more than 160 scientific research papers in renowned domestic and international academic journals. Mr. Zhao was awarded a special grant of the government approved by the State Council. Mr. Zhao currently serves as an independent director of China Glass Holdings Limited. Mr. Zhao was awarded the second prize of technology advancement for the Ministry of Machine Building (機械工業部科技進步二等獎) and the third prize of technology advancement for the Ministry of Education (教育部科技進步三等獎).

Mr. Wu Liansheng, born in December 1970, is an independent non-executive director of the Company. He has extensive research experience in the area of accounting rules and earnings management, corporate governance and corporate financial behaviour. Mr. Wu has been the deputy dean of the Guanghua Management Institute of Peking University since March 2012, the independent non-executive director of the Company since November 2011, the professor of the accounting department of Guanghua Management Institute of Peking University since August 2007 and head of the department of accounting of the Guanghua Management Institute of Peking University from August 2007 to December 2013, the deputy head of the department of accounting of the Guanghua Management Institute of Peking University from March 2003 to July 2007, a Ph.D supervisor of the Guanghua Management Institute of Peking University since August 2002 and has been a lecturer, associate professor and professor of the Guanghua Management Institute of Peking University since September 2001. Mr. Wu received a bachelor's degree in economics from Wuhan University in July 1993, a master's degree in economics from Wuhan University in June 1996 and a doctor's degree in management in June 1999. Mr. Wu has over a number of papers published in numerous renowned journals at home and abroad. In addition, he has led eight projects in total including the National Social Science Funds, National Natural Science Funds and Humanities and Social Sciences of the Ministry of Education. Mr. Wu used to act as independent directors in Wanda Cinema Line Co., Ltd., Huaneng Power International Inc., and Western Mining Company Limited (西部礦業發展股份有限公司). He was shortlisted in the "New Century Outstanding Person Support Scheme" (新世紀優秀人才支持計劃) of the Ministry of Education.

DIRECTORS *(CONTINUED)*

Independent non-executive Directors *(continued)*

Mr. Sun Yanjun, born in March 1970, is an independent non-executive director of the Company. Mr. Sun has accumulated rich experience in private equity investment as well as mergers and acquisitions of overseas listing of Chinese companies. Mr. Sun has been serving as an independent non-executive director of the Company since October 2014. He has served as a partner and managing director of TPG Capital since August 2011, mainly led TPG Capital investment business in Greater China. From June 2006 to May 2011, he served as managing director of direct investment of Goldman Sachs, was responsible for private equity investment business of Goldman Sachs in China. From July 2004 to May 2006, he served as the vice president of Morgan Stanley's Hong Kong office, participated in a number of overseas IPO and M&A projects of China Company. Mr. Sun received a bachelor's degree in International Finance from Renmin University of China in July 1992 and an MBA degree from the University of Michigan in May 1997. Mr. Sun currently serves as a non-executive director of Phoenix Satellite Television Holdings Limited and Xin Yuan (China) Properties Co., Ltd. (鑫苑(中國)置業有限公司).

SUPERVISORS

Mr. Wu Jiwei, born in February 1971, currently serves as the chairman of the Supervisory Committee of the Company. He has accumulated nearly 20 years of experience in financial management. Mr. Wu has served as the chairman of the Supervisory Committee of the Company since November 2011, the chief accountant of Parent since April 2011, the director of financial management centre of China Chengtong Holdings Group Limited from December 2008 to April 2011, the deputy chief accountant of Engineering Technology Branch Company (工程技術分公司) of China National Petroleum Corporation from April 2008 to December 2008, the general manager assistant of China National Petroleum Corporation (the "CNPC") Services and Engineering Ltd. as well as the chief accountant of China National Logging Corporation from April 2005 to April 2008. Mr. Wu served a number of positions for the finance department of CNPC Services and Engineering Ltd from February 2001 to April 2005, such as the deputy manager of financial assets department and the manager of finance department. From September 1999 to February 2001, he worked as an accountant of fiscal budget division of financial assets department (財務資產部資金預算處) of China National Petroleum Corporation. He obtained a bachelor's degree in financial accounting from Xi'an Petroleum College in July 1994 and received his master's degree in management from Central University of Finance and Economics in March 2001. Mr. Wu is a senior accountant. Mr. Wu currently serves as executive directors of China International Taxation Research Institute (中國國際稅收研究會) and China Association of Chief Financial Officers (中國總會計師協會).

Ms. Zhou Guoping, born in February 1960, is a Supervisor of the Company. Ms. Zhou has over 30 years' experience in financial management. Ms. Zhou has been the chief economist of Parent since December 2009, a supervisor of South Cement since September 2007, a supervisor of the Company since March 2005, assistant to the general manager of Parent from October 2003 to December 2009 and the general manager of the finance department of Parent from October 2003 to December 2006 and the chief financial officer of Zhongxin Group Financial Company from July 2000 to April 2003. From March 1992 to October 2003, Ms. Zhou served successively as the deputy head of the Planning Division in the Integrated Planning Department, assistant to the manager of the Integrated Planning Department, assistant to the manager of Planning and Finance Department, and deputy manager and manager of the Planning and Finance Division and deputy manager of the financial management division of Parent. Ms. Zhou received a bachelor's degree in engineering from Wuhan Institute of Building Materials Industry (now Wuhan University of Technology) in July 1982 and an EMBA degree from Xiamen University in December 2006. Ms. Zhou is qualified as a professor-grade senior engineer.

SUPERVISORS *(CONTINUED)*

Mr. Wu Weiku, born in March 1961, is an independent supervisor of the Company. Mr. Wu has extensive research experience in strategic management, corporation's leadership. Since October 2014, Mr. Wu has been serving as an independent supervisor of the Company, and a professor and doctoral supervisor in the Leadership and Organizational Management Department of the School of Economics and Management of Tsinghua University since December 2008. He used to be a visiting professor of The Hong Kong University of Science and Technology, Harvard Business School and The Wharton School of the University of Pennsylvania in September 2001, August 2001 and from September 1998 to February 1999 respectively. From April 1994 to November 2008, he successively served as a lecturer and deputy professor of Tsinghua University School of Economics and Management. Mr. Wu received a bachelor's degree in machinery manufacturing from Northeastern University in 1983, and a master's degree in mechanical engineering from Harbin Institute of Technology in 1987. He then received a Doctorate degree in mechanics from Tsinghua University in 1994. Mr. Wu did research in Harvard Business School and Hang Lung Management Research Center of Hong Kong University of Science and Technology in July 2001, and he is the author of five monographs including "Happy Attitude" and "Leadership". Mr. Wu is currently an independent director of Shandong Lukang Pharmaceutical Co., Ltd. Mr. Wu is concurrently members of American Management Association and International Association for Chinese Management Research. Mr. Wu has been awarded the "Excellent Tutors of Executive Development Program (EDP)" by Tsinghua University School of Economics and Management for consecutive years. He was awarded "The Best Selling Books" by The Society of Publishers in Asia and was honored as "The Most Influential Authors" by the China Machine Press for its 60th's anniversary.

Mr. Liu Jianwen, born in May 1959, is an independent supervisor of the Company. Mr. Liu has rich research experience in the fields of fiscal and tax law, economic law and intellectual property law. Mr. Liu has been serving as an independent supervisor of the Company since October 2014 and a professor and doctoral tutor of the Law School of Peking University since July 1999. From January 1997 to October 1997, Mr. Liu used to hold the position of deputy dean in the Law School of Wuhan University. Mr. Liu used to be a professor and doctoral tutor of the Law School of Wuhan University from May 1995 to December 1999 and a lecturer and deputy professor of the Law School of Wuhan University from July 1986 to April 1995. Mr. Liu obtained a bachelor's degree in Economics in Anhui University of Finance in June 1983, a master's degree in law in China University of Political Science and Law in June 1986 and a doctorate degree in law in Wuhan University in June 1997 and completed his postdoctoral program in law from Peking University in June 1999. Mr. Liu is currently an independent director of Datang Gohigh Data Network Technology Co., Ltd. (大唐高鴻數據網路技術股份有限公司) and Jiangsu Nantong Fujitsu Microelectronics Co., Ltd (江蘇南通富士通微電子股份有限公司). Mr. Liu used to serve as an independent director of Zhejiang Hai Liang Co., Ltd. (浙江海亮股份有限公司) and Integrated Electronic Systems Lab Co., Ltd. (積成電子股份有限公司). Mr. Liu concurrently holds the position of chairman of China Association for Fiscal and Tax Law, executive director of China Law Society and arbitrator of China International Economic and Trade Arbitration Commission. Mr. Liu received various awards, including the third prize of An-zijie International Trade Outstanding Works, the first prize of Outstanding Research on Philosophy and Social Science in Beijing and the second prize of the National Outstanding High School of Research on Philosophy and Social Science.

SUPERVISORS *(CONTINUED)*

Ms. Cui Shuhong, born in March 1968, is currently a staff representative Supervisor and the general manager of the Administration and Human Resources Department of the Company. Ms. Cui has nearly 25 years' experience in management positions. Ms. Cui has been the temporary Secretary of Commission for Discipline Inspection of the Company since December 2015, the chairman of the supervisory committee of China Triumph since October 2012, a staff representative supervisor since May 2005 and the general manager of the Administration and Human Resources Department of the Company since April 2005. She served as the deputy director of the General Manager's Office of Parent from April 2002 to April 2005, and the deputy manager of the Human Resources Office and deputy director of General Manager's Office of BNBM from November 2001 to April 2002. She also served as the deputy director of the General Manager's Office of BNBMG from August 1997 to October 2001. Ms. Cui received a bachelor's degree in economics from Beijing Economics Institute in July 1990 and a degree in EMBA from Tsinghua University in January 2014. She is a researcher.

Ms. Zeng Xuan, born in June 1982, is currently a staff representative supervisor. Ms. Zeng has been serving as a deputy general manager of the Board secretariat of the Company since March 2013. From September 2009 to March 2013, she served as a deputy general manager, an acting general manager and a general manager of BNBM PNG LIMITED. From May 2005 to August 2009, she served as an employee of administration and human resources department of the Company. From September 2004 to May 2005, she worked as an employee of the general manager's office of Beijing New Building Material (Group) Co., Ltd. From July 2004 to September 2004, she worked as an employee of the import and export department of Beijing New Building Material (Group) Co., Ltd. Ms. Zeng received her bachelor's degree in Business English from the University of Hunan in June 2004. Sheis an assistant economist.

SENIOR MANAGEMENT

Mr. Cao Jianglin is the president of the Company. Please refer to the section headed "Executive Directors" for his biographical details.

Mr. Peng Shou is a vice president of the Company. Please refer to the section headed "Executive Directors" for his biographical details.

Mr. Cui Xingtai is a vice president of the Company. Please refer to the section headed "Executive Directors" for his biographical details.

Mr. Chang Zhangli is a vice president of the Company. Please refer to the section headed "Executive Directors" for his biographical details.

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Zhang Dingjin, born in November 1957, is a vice president of the Company. Mr. Zhang has over 30 years of experience in business and management in the building materials industry. He has served as the vice president of the Company since March 2005, the chairman of China Composites since September 2004 and the general manager of China Composites since January 2003. He also served as the general manager of China Inorganic Materials Science and Technology Enterprise (Group) Company from March 2002 to January 2003, the deputy general manager of China Inorganic Materials Science and Technology Enterprise (Group) Company from January 2001 to March 2002 and the general manager of Beijing Pennvasia Glass Company Limited from August 1999 to September 2001. From February 1997 to August 1999, Mr. Zhang served as the deputy dean of Shandong Industrial Ceramics Research and Design Institute. Mr. Zhang received a bachelor's degree in engineering from Anshan Institute of Iron and Steel in August 1982 and an EMBA degree from Xiamen University in June 2005. He is qualified as a professor-grade senior engineer and was awarded a special grant of the government approved by the State Council. At present Mr. Li consecutively acts as the vice president of China Composites Industry Association (中國複合材料工業協會).

Mr. Chen Xuean, born in April 1964, is a vice president and chief financial officer of the Company. Mr. Chen has nearly 25 years' experience in financial management. Mr. Chen has served as a director of China United since July 2015, the chairman of board of supervisors of China Jushi (formerly known as China Fiberglass) since October 2014, a supervisor of Henan Tongli Cement since May 2014, a director of BNBM since September 2012, a director of China Composites since December 2011, the vice president of the Company since November 2011, the chairman of the supervisory committee of North Cement since March 2009, a director of CNBM Investment (formerly known as BND Co., Limited) since August 2008, a director of South Cement since September 2007, a director of China United since October 2006, a supervisor of China Jushi from July 2005 to October 2014, and the chief financial officer of the Company since March 2005. From April 1995 to March 2005, Mr. Chen served as the deputy head of finance department of general office of SASAC, the deputy head of Assets Inspection and Verification Department, the head of the Monitoring Department and the head of the Central Department of State-owned Assets Statistics and Evaluation Division of the Ministry of Finance. Mr. Chen received a bachelor's degree in economics from Shanghai University of Finance and Economics in July 1986 and a master's degree in management from Beijing Institute of Technology in November 1999. He is a researcher and was awarded the first prize of National Corporate Management Modernization and Innovation Achievements (國家級企業管理現代化創新成果).

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Yao Jixin, born in May 1955, is a vice president of the Company. Mr. Yao has nearly 40 years of experience in operation and management in the cement industry. He has been a vice president of the Company since August 2009, the vice chairman of South Cement since June 2009 and the secretary to the Party Committee of South Cement since April 2009. He served as the president of South Cement from September 2008 to June 2009 and the general manager of Zhejiang Sanshi Group Company Limited from March 1999 to August 2009. Mr. Yao has served as secretary of the Party Committee of Sanshi Group Company Limited since March 1999 and the chairman of Sanshi Group Company Limited since March 1998. He served as the chairman of Zhejiang Sanshi Cement Company Limited (浙江三獅水泥股份有限公司) from September 1997 to July 2011, a Party Committee member, vice chairman and general manager of Zhejiang Sanshi Cement Company Limited (浙江三獅水泥股份有限公司) from August 1994 to September 1997, an executive deputy manager of Zhejiang Cement Plant from July 1990 to August 1994 and a Party Committee member and deputy manager of Jiangshan Cement Plant (江山水泥廠) from November 1984 to July 1990. Mr. Yao is a senior economist who received an MBA degree from Macau University of Science and Technology in October 2005 and a doctor's degree in management from Macau University of Science and Technology in October 2010. At present Mr. Yao consecutively acts as the vice president of China Building Material Federation and the vice president of China Cement Association. Mr. Yao has won many awards, including National Outstanding Young Entrepreneur, Outstanding Business Management Worker in the national building materials industry, National May Day Labor Medalist, National Excellent Entrepreneur, Top Ten Outstanding Figures in China's Cement Industry during the 15th Five-Year Plan Period as well as the first prize of National Corporate Management Modernization and Innovation Achievement (國家級企業管理現代化創新成果).

Mr. Xiao Jiaxiang, born in September 1963, is a vice president of the Company. Mr. Xiao has rich experience and achievements in business management, regional economic and social development, group management (especially in group strategy management and group control), as well as financing and cooperation in international capital market. He has served as a director of Southwest Cement since December 2011, the president of South Cement since June 2009, the deputy secretary to the Party Committee of South Cement since April 2009, a vice president of the Company and a director of South Cement since February 2009. From February 2006 to December 2008, he served as the president of Tianrui Corporation, and concurrent chairman and general manager of Tianrui Group Cement Co., Ltd. From March 2004 to December 2005, he served as a secretary of Party Committee in Daye City, Hubei Province and a director of the Standing Committee of People's Congress of Daye City. From November 2001 to March 2004, he served as deputy party secretary and mayor of Daye City, Hubei Province. From April 1997 to November 2001, he served as a director, the general manager assistant, the vice general manager and Standing Party Committee member in Huaxin Cement (Group) Co., Ltd.. From July 1991 to April 1997, he served as the head in the lime mine of Hubei Huaxin Cement (Group) Co., Ltd.. From July 1982 to July 1991, Mr. Xiao served as an engineer, the head of the mine workshop of Guizhou Shuicheng Cement Plant. Mr. Xiao received a bachelor's degree in mining engineering of the non-metallic department from Wuhan Institute of Building Materials Industry (now Wuhan University of Technology) in August 1982, an MBA degree from Wuhan Poly-technic University (now Wuhan University of Technology) in July 1997 and a doctor's degree in management from Huazhong University of Science and Technology in July 2004. He is a professor-grade senior engineer. At present Mr. Xiao consecutively acts as the vice chairman of China Cement Association. He was honoured as a National Outstanding Scientific Worker and the National Advanced Individual in Quality Management, and was granted honours including National Frontier Excellence Awards (全國邊陲優秀兒女獎章) and the first prize of National Corporate Management Modernization and Innovation Achievements (國家級企業管理現代化創新成果).

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Wang Bing, born in February 1972, is a vice president of the Company. Mr. Wang has accumulated nearly 20 years of experience in business and management in building materials industry. He has been the secretary to the Party Committee of BNBM since July 2014, a vice president of the Company and the chairman of BNBM since August 2009. From February 2004 to August 2009, he served as the general manager of BNBM. Mr. Wang served as a general manager assistant and the deputy general manager of China Chemical Building Material Company Limited (中國化學建材股份有限公司, currently known as China Jushi) from October 2002 to February 2004, the general manager of Chengdu Southwest Beijing New Building Material Company Limited (成都西南北新建材有限公司) from July 1998 to September 2002, and the regional manager of BNBMG from July 1994 to July 1998. Mr. Wang received a bachelor's degree in industry and electricity automation from the Automation Department of Wuhan Poly-technic University (now Wuhan University of Technology) in July 1994 and received an MBA degree from China Europe International Business School in September 2005. Mr. Wang obtained a doctor's degree in management science and engineering from Wuhan University of Technology in June 2012. Mr. Wang is a professor-grade senior engineer. At present Mr. Wang consecutively acts as a member of the standing committee and the secretary of economic sector of China Youth Federation, a member of the standing committee and the vice secretary of State-owned Enterprise Youth Federation (中央企業青聯), the director of the China Capital Entrepreneurs' Club (企業家俱樂部), the vice chairman of China Real Estate Association (中國房地產業協會) and the director of the Housing Facilities Committee, the vice chairman of China Insulation and Energy Efficiency Materials Association (中國絕熱節能材料協會) and the first vice chairman of China Construction and Decoration Material Association (中國建築裝飾裝修材料協會) and the executive vice chairman of Gypsum Building Material Branch of China Building Materials Federation. Mr. Wang was granted many awards, including the first prize of National Corporate Management Modernization and Innovation Achievement (國家級企業管理現代化創新成果), Beijing Outstanding Entrepreneur (北京市優秀企業家), Beijing Model Worker(北京市勞動模範), Beijing Youth May Fourth Medal(北京五四青年獎章), Central Enterprise Youth May Fourth Medal(中央企業五四青年獎章), National Building Materials Industry Outstanding Entrepreneur (全國建材行業優秀企業家), and the National Building Material and Decoration Industry Outstanding Entrepreneur (全國建築材料裝飾行業優秀企業家).

Mr. Cai Guobin, born in August 1967, is a vice president of the Company. Mr. Cai has nearly 25 years experience in building material industry. Mr. Cai has been the chairman of the board of supervisors of China United since July 2015, the chairman of CNBM Investment (formerly known as BND Co., Limited) since August 2014, a director of Southwest Cement since December 2011 and the vice chairman of China Jushi (formerly known as China Fiberglass) since October 2009, a vice president of the Company since August 2009 and a director of South Cement since September 2007. From May 2006 to October 2009, he served as the director and vice general manager of China Fiberglass. He has been the president of CNBM Investment from April 2004 to August 2014 and a director of CNBM Investment since March 2003. From July 2005 to May 2006, he served as a supervisor of China Fiberglass. From December 2000 to April 2004, he served as vice president of CNBM Investment. From November 1999 to January 2001, he served as a general manager assistant of China National Building Material & Equipment Import and Export Company Zhujiang Branch. From June 1998 to November 1999, he served as a deputy manager in the planning and financial department of China National Building Material & Equipment Import and Export Company Zhujiang Branch. Mr. Cai is an accountant who received a bachelor's degree in economics (normal major) from Shanghai University of Finance and Economics in July 1990 and an EMBA degree from Tsinghua University in January 2012. He was honoured as Outstanding Party Member of Shenzhen, Outstanding Entrepreneur of Building Materials Industry (建材行業優秀企業家), the first prize of National Corporate Management Modernization and Innovation Achievements (國家級企業管理現代化創新成果) and listed in Elites' Register of Building Materials Industry in 2008 (建材行業精英錄).

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Zhang Jindong, born in January 1964, is the vice president of the Company. Mr. Zhang has nearly 30 years of experience in business and management experience in the construction material industry. Mr. Zhang has been the general manager of technology department of the Company since November 2015, the vice president of the Company since August 2014, a director of China United from April 2005 to July 2014, a general manager and deputy secretary of the party of China United from August 2004 to July 2014, a general manager of Shangdong Lunan Cement Co., Ltd. from March 2000 to July 2004, a deputy general manager of Shangdong Lunan Cement Co., Ltd. from February 1999 to February 2000 and a director and deputy chief senior engineer of Lunan Cement Factory from July 1985 to January 1999. Mr. Zhang obtained the Bachelor's degree in Automotives from Shandong Institute of Building Materials in June 1985 and a Master's degree in Business Administration from Xiamen University in June 2005. He is a senior engineer.

Ms. Pei Hongyan, born in December 1973, is the chief accountant and certified public accountant of the Company. She has nearly 15 years of experience in accounting. Ms. Pei has been the chief accountant of the Company since March 2016, and a director of BNBM since October 2014, a director of China Jushi (formerly known as China Fiberglass) since April 2011, a supervisor of North Cement since August 2010, a qualified accountant of the Company since June 2005 and the general manager of the finance department of the Company since April 2005. She served as a senior accountant in the finance division of Parent from November 2003 to April 2005 and a general manager assistant of the finance division of Parent from November 2002 to April 2005. She also served as a director of Kunming Cement Inc. from March 2002 to December 2004 and the chief financial officer of China Composites from May 2001 to October 2004. Ms. Pei received a bachelor's degree in economics from Dongbei University of Finance and Economics in July 1996 and a master's degree in management from Dongbei University of Finance and Economics in March 1999. She is a fellow member of the Association of Chartered Certified Accountants and also a non-practising member of the Chinese Institute of Certified Public Accountants. She was awarded the first prize of National Corporate Management Modernization and Innovation Achievements in National Building Materials Industry (國家級建材行業企業管理現代化創新成果).

SENIOR MANAGEMENT *(CONTINUED)*

Mr. Zhang Dongzhuang, born in December 1963, is the vice president of the Company. Mr. Zhang has more than 30 years of experience in management. Mr. Zhang has been a vice president of the Company since March 2016, the head of China National Building Materials Exhibition & Trade Centre (國家建築材料展貿中心) since January 2014, the vice chairman of China Building Materials Federation (中國建築材料聯合會) since November 2013 and the chairman of China Building Materials Enterprise Management Association (中國建築材料企業管理協會) since August 2012. Mr. Zhang served as the secretary general of China Building Materials Enterprise Management Association from November 2010 to November 2013 and the chairman assistant of the China Building Materials Enterprise Management Association from August 2007 to October 2010, the vice chairman of the council of the China Building Material Machinery Association (中國建材機械工業協會) from December 2008 to June 2013, the head and Party Branch secretary of Quality Certification Management Center of China Building Material Industry Association (建材工業質量認證管理中心) from July 2005 to October 2010. He served as the chairman of the board of directors of Guojian Lianxin Certification Centre from October 2003 to October 2010, the deputy head and Party Branch secretary of the Quality Certification Management Center of China Building Material Industry Association from June 2000 to June 2005, the deputy head of Quality Certification Management Center of China Building Material Industry Association from January 1999 to May 2000, the deputy dean of Qinhuangdao Glass Industry Research & Design Institute from April 1997 to December 1998, the section chief and deputy head of the comprehensive planning division of the State Bureau of Building Materials Industry (國家建材局綜合計劃司) from March 1990 to March 1997, the section chief of (中國建材工程諮詢公司) from May 1988 to February 1990, the leader of the investment and management division of the State Bureau of Building Materials Industry (國家建築材料工業局投資管理司) from August 1985 to April 1988. Mr. Zhang holds a bachelor degree in engineering in industrial electric automation from Harbin University of Civil Engineering and Architecture (哈爾濱建築大學) in July 1985, obtained the MBA degree from Wuhan University of Technology (武漢理工大學) in June 2012 and is a senior engineer. Mr. Zhang was won the third prize in “China Standard Innovation Award” (中國標準創新貢獻獎) granted by AQSIQ and Standardization Administration Commission of the PRC (國家標準化管理委員) and the third prize of “AQSIQ Xingjian Award” (國家質檢總局科技興檢獎) granted by AQSIQ.

CERTIFIED PUBLIC ACCOUNTANTS

Ms. Pei Hongyan, is the certified public accountant of the Company. For her biography, please refer to the section of "Senior Management".

JOINT COMPANY SECRETARIES

Mr. Chang Zhangli is the joint company secretary of the Company. Please refer to the section headed "Executive Directors" for the biographical details.

Ms. Lo Yee Har Susan, born in November 1958, is the joint company secretary of the Company. Ms. Lo is an executive director of Corporate Services Department of Tricor Services Limited and a fellow member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Ms. Lo has over 20 years of experience in the company secretarial area. She has served in a number of companies listed on the Stock Exchange. She is currently the joint company secretary of several companies listed on the Stock Exchange.

CONFIRMATION OF THE INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the annual confirmation letter issued by each of the independent non-executive directors in respect of their independence in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive directors are independent.

BAKER TILLY
HONG KONG | 天職香港

To the members of China National Building Material Company Limited
(a joint stock company incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China National Building Material Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 97 to 227, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY *(CONTINUED)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Gao Yajun
Practising certificate number P06391

Hong Kong, 25 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Note	**2015** **RMB'000**	2014 RMB'000
Revenue	6	**100,291,587**	122,011,222
Cost of sales		**(75,672,523)**	(88,732,228)
Gross profit		**24,619,064**	33,278,994
Investment and other income	8	**6,295,465**	4,954,948
Selling and distribution costs		**(7,109,776)**	(7,760,390)
Administrative expenses		**(9,498,520)**	(9,049,329)
Finance costs – net	9	**(10,532,185)**	(10,856,638)
Share of profits of associates	21	**331,229**	985,426
Profit before income tax	11	**4,105,277**	11,553,011
Income tax expense	12	**(1,312,622)**	(2,881,364)
Profit for the year		**2,792,655**	8,671,647
Profit attributable to:			
Owners of the Company		**1,019,361**	5,919,541
Holders of perpetual capital instruments		**325,592**	45,125
Non-controlling interests		**1,447,702**	2,706,981
		2,792,655	8,671,647
Earnings per share			
– basic and diluted *(RMB)*	14	**0.19**	1.10

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
Profit for the year	**2,792,655**	8,671,647
Other comprehensive expenses,		
net of tax: (Note 12(b))		
Items that may be reclassified subsequently to profit or loss		
– Currency translation differences	**(26,341)**	(9,547)
– Changes in fair value of available-for-sale financial assets	**(80,752)**	(65,188)
– Shares of associates' other comprehensive income/(expenses)	**19,016**	(82,134)
Other comprehensive expenses for the year, net of tax	**(88,077)**	(156,869)
Total comprehensive income for the year	**2,704,578**	8,514,778
Total comprehensive income attributable to:		
Owners of the Company	**916,959**	5,746,306
Holders of perpetual capital instruments	**325,592**	45,125
Non-controlling interests	**1,462,027**	2,723,347
Total comprehensive income for the year	**2,704,578**	8,514,778

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	15	**126,225,417**	126,019,321
Prepaid lease payments	16	**14,512,689**	14,107,910
Investment properties	17	**323,395**	300,472
Goodwill	18	**42,604,255**	42,847,327
Intangible assets	19	**7,144,897**	5,336,403
Interests in associates	21	**10,364,548**	10,032,548
Available-for-sale financial assets	22	**3,331,163**	1,301,689
Deposits	24	**4,213,178**	6,584,989
Deferred income tax assets	32	**4,015,509**	3,251,399
		212,735,051	209,782,058
Current assets			
Inventories	25	**15,164,523**	16,663,437
Trade and other receivables	26	**69,693,408**	60,972,479
Available-for-sale financial assets	22	**132,480**	–
Financial assets at fair value through profit or loss	23	**3,084,343**	1,978,704
Amounts due from related parties	27	**12,652,293**	11,090,427
Pledged bank deposits	29	**5,746,301**	5,704,068
Cash and cash equivalents	29	**10,579,535**	10,290,653
		117,052,883	106,699,768
Current liabilities			
Trade and other payables	30	**46,291,855**	51,271,781
Amounts due to related parties	27	**7,342,940**	1,713,831
Borrowings – amount due within one year	31	**144,425,583**	139,292,634
Obligations under finance leases	33	**4,456,608**	4,490,609
Current income tax liabilities		**1,652,014**	1,913,310
Financial guarantee contracts due within one year	34	**56,981**	–
Dividend payable to non-controlling interests		**216,528**	441,789
		204,442,509	199,123,954
Net current liabilities		**(87,389,626)**	(92,424,186)
Total assets less current liabilities		**125,345,425**	117,357,872

Consolidated Statement of Financial Position *(Continued)*

As at 31 December 2015

	Note	**2015** **RMB'000**	2014 RMB'000
Non-current liabilities			
Borrowings – amount due after one year	31	**30,501,188**	37,731,114
Deferred income		**1,108,573**	1,222,202
Obligations under finance leases	33	**18,150,330**	9,142,563
Financial guarantee contracts due after one year	34	**–**	56,981
Deferred income tax liabilities	32	**2,124,057**	2,227,781
		51,884,148	50,380,641
Net assets		**73,461,277**	66,977,231
Capital and reserves			
Share capital	35	**5,399,026**	5,399,026
Reserves		**36,499,449**	35,173,875
Equity attributable to			
Owners of the Company		**41,898,475**	40,572,901
Perpetual capital instruments	37	**9,994,863**	5,000,125
Non-controlling interests		**21,567,939**	21,404,205
Total equity		**73,461,277**	66,977,231

The consolidated financial statements on pages 97 to 227 were approved and authorised for issue by the Board of Directors on 25 March 2016 and were signed on its behalf by:

Song Zhiping
Director

Cao Jianglin
Director

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve	Statutory surplus reserve fund (Note 36 (a))	Fair value reserve (Note 36 (b))	Exchange reserve	Retained earnings	Total	Perpetual capital instruments (Note 37)	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014	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 year	–	–	–	–	–	–	5,919,541	5,919,541	45,125	2,706,981	8,671,647
Other comprehensive (expenses)/income, net of tax (Note 12(b))											
Currency translation differences	–	–	–	–	–	(10,099)	–	(10,099)	–	552	(9,547)
Changes in fair value of available-for-sale financial assets, net	–	–	–	–	(79,993)	–	–	(79,993)	–	14,805	(65,188)
Shares of associates' other comprehensive income/(expenses)	–	–	–	–	11,339	(94,482)	–	(83,143)	–	1,009	(82,134)
Total comprehensive income/ (expenses) for the year	–	–	–	–	(68,654)	(104,581)	5,919,541	5,746,306	45,125	2,723,347	8,514,778
Dividends (Note 13)	–	–	–	–	–	–	(863,844)	(863,844)	–	–	(863,844)
Dividends paid to the non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	(1,055,828)	(1,055,828)
Increase in non-controlling interests as a result of acquisition of subsidiaries (Note 38(a))	–	–	–	–	–	–	–	–	–	348,790	348,790
Disposal of subsidiaries (Note 38(b))	–	–	–	–	–	–	–	–	–	(117,822)	(117,822)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	4,672	4,672
Acquisition of additional interests in subsidiaries (Note 39(a))	–	–	(55,722)	–	–	–	–	(55,722)	–	(248,839)	(304,561)
Deemed partial disposal of interests in subsidiaries without losing control (Note 39(b))	–	–	286,045	–	–	–	–	286,045	–	1,551,482	1,837,527
Appropriation to statutory reserve	–	–	–	174,651	–	–	(174,651)	–	–	–	–
Issue of perpetual capital Instruments, net of issuance cost (Note 37)	–	–	–	–	–	–	–	–	4,955,000	–	4,955,000
Share of reserves in associates	–	–	78,700	–	–	–	–	78,700	–	–	78,700
Others	–	–	144,083	(141,090)	–	–	–	2,993	–	927	3,920
Balance at 31 December 2014	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

Consolidated Statement of Changes in Equity *(Continued)*

For the year ended 31 December 2015

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve	Statutory surplus reserve fund (Note 36 (a))	Fair value reserve (Note 36 (b))	Exchange reserve	Retained earnings	Total	Perpetual capital instruments (Note 37)	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2015	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 year	–	–	–	–	–	–	1,019,361	1,019,361	325,592	1,447,702	2,792,655
Other comprehensive (expenses)/ income, net of tax (Note 12(b))											
Currency translation differences	–	–	–	–	–	(37,055)	–	(37,055)	–	10,714	(26,341)
Changes in fair value of available-for-sale financial assets, net	–	–	–	–	(84,363)	–	–	(84,363)	–	3,611	(80,752)
Shares of associates' other comprehensive income/ (expenses)	–	–	–	–	(3,997)	23,013	–	19,016	–	–	19,016
Total comprehensive income/ (expenses) for the year	–	–	–	–	(88,360)	(14,042)	1,019,361	916,959	325,592	1,462,027	2,704,578
Dividends (Note 13)	–	–	–	–	–	–	(890,839)	(890,839)	–	–	(890,839)
Dividends paid to the non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	(1,164,233)	(1,164,233)
Increase in non-controlling interests as a result of acquisition of subsidiaries (Note 38(a))	–	–	–	–	–	–	–	–	–	101,586	101,586
Disposal of subsidiaries (Note 38(b))	–	–	(1,624)	–	–	–	–	(1,624)	–	(1,969)	(3,593)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	150,588	150,588
Acquisition of additional interests in subsidiaries (Note 39(a))	–	–	262,555	–	–	–	–	262,555	–	(385,478)	(122,923)
Appropriation to statutory reserve	–	–	–	180,602	–	–	(180,602)	–	–	–	–
Issue of perpetual capital instruments, net of issuance cost (Note 37)	–	–	–	–	–	–	–	–	4,954,146	–	4,954,146
Share of reserves in associates	–	–	1,036,114	–	–	–	–	1,036,114	–	–	1,036,114
Interest paid on perpetual capital instruments (Note 37)	–	–	–	–	–	–	–	–	(285,000)	–	(285,000)
Others	–	–	2,409	–	–	–	–	2,409	–	1,213	3,622
Balance at 31 December 2015	5,399,026	4,824,481	1,599,636	2,376,089	60,627	(161,534)	27,800,150	41,898,475	9,994,863	21,567,939	73,461,277

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 *RMB'000*	2014 *RMB'000*
Operating activities		
Profit before income tax	**4,105,277**	11,553,011
Adjustments for:		
Share of profits of associates	**(331,229)**	(985,426)
Finance costs	**11,085,949**	11,588,873
Interest income	**(553,764)**	(732,235)
Dividend from available-for-sale financial assets	**(33,746)**	(16,535)
Impairment loss on property, plant and equipment recognised	**–**	1,615
Impairment loss on goodwill	**391,180**	2,257
Gain on disposal of property, plant and equipment, investment properties, intangible assets and prepaid lease payments	**(33,674)**	(6,406)
Increase in fair value of financial assets at fair value through profit or loss	**(438,678)**	(316,657)
Deferred income released to the consolidated statement profit of loss	**(101,792)**	(300,762)
Depreciation of property, plant and equipment and investment properties	**7,061,791**	6,482,037
Amortisation of intangible assets	**390,527**	346,205
Prepaid lease payments released to the consolidated statement profit or loss	**387,465**	334,898
Waiver of payables	**(70,393)**	(60,722)
Allowance for bad and doubtful debts	**548,980**	510,654
(Reversal of provision)/write-down of inventories	**(61,790)**	60,624
Impairment loss on available-for-sales financial assets	**2,734**	759
Gain on disposal of subsidiaries	**(31,084)**	(15,308)
Discount on acquisition of interests in subsidiaries	**(34,080)**	(215,743)
Net foreign exchange (gain)/losses	**(53,037)**	47,545
Operating cash flows before working capital changes	**22,230,636**	28,278,684
Decrease/(increase) in inventories	**2,432,956**	(1,786,743)
Increase in trade and other receivables	**(7,766,800)**	(3,542,259)
Increase in amounts due from related parties	**(512,651)**	(599,013)
Decrease in trade and other payables	**(6,765,704)**	(4,994,826)
Increase in amounts due to related parties	**619,533**	658,456
(Decrease)/increase in deferred income	**(11,837)**	124,684
Cash generated from operations	**10,226,133**	18,138,983

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
Cash generated from operations	**10,226,133**	18,138,983
Income tax paid	**(2,480,344)**	(3,734,808)
Interest received	**556,245**	764,906
Net cash generated from operating activities	**8,302,034**	15,169,081
Investing activities		
Purchases of available-for-sale financial assets	**(1,099,436)**	(8,216)
Purchase of financial assets at fair value through profit or loss	**(667,311)**	(1,472,150)
Purchase of property, plant and equipment	**(7,173,285)**	(8,567,325)
Purchase of intangible assets	**(2,167,528)**	(1,150,408)
Purchase of investment properties	**(13,801)**	–
Proceeds on disposal of property, plant and equipment, investment properties, intangible assets and prepaid lease payments	**321,631**	137,133
Acquisition of interests in associates	**(437,514)**	(1,256,020)
Dividend received from associates	**385,864**	116,894
Proceeds from disposal of associates	**2,017**	29,614
Proceeds from disposal of subsidiaries, net of cash and cash equivalents	**(63,212)**	(55,888)
Dividend received from available-for-sale financial assets	**33,746**	16,535
Deposits paid	**(4,213,178)**	(6,584,988)
Deposits refunded	**6,584,989**	8,297,064
Payments for prepaid lease payments	**(783,423)**	(606,576)
Payments for acquisition of subsidiaries, net of cash and cash equivalents acquired	**(575,636)**	(392,788)
Advances (to)/from related parties	**(974,024)**	1,221,226
Other payments for investing activities	**(1,830,916)**	(4,219,015)
Increase in pledged bank deposits	**(42,233)**	(2,402,732)
Net cash used in investing activities	**(12,713,250)**	(16,897,640)

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
Financing activities		
Proceeds from issue of perpetual capital instruments, net of issuance cost	**4,954,146**	4,955,000
Interest paid	**(10,298,142)**	(11,462,127)
Interest paid on perpetual capital instruments paid	**(285,000)**	–
Dividend paid to shareholders	**(890,839)**	(863,844)
Dividend paid to non-controlling interests of subsidiaries	**(1,389,494)**	(1,121,643)
Payments for acquisition of additional interests in subsidiaries	**(120,165)**	(304,561)
Contributions from non-controlling interests	**150,588**	1,817,064
Repayment of borrowings	**(220,648,080)**	(155,357,267)
Other (payments)/receipts for financing activities	**(661,152)**	264,618
New borrowings raised	**219,602,913**	163,723,360
Increase/(decrease) in amounts due to related parties	**5,009,576**	(1,499,736)
Increase obligations under finance leases	**9,237,727**	2,966,013
Net cash generated from financing activities	**4,662,078**	3,116,877
Net increase in cash and cash equivalents	**250,862**	1,388,318
Exchange gain/(losses) on cash and cash equivalents	**38,020**	(77,574)
Cash and cash equivalents at beginning of the year	**10,290,653**	8,979,909
Cash and cash equivalents at end of the year	**10,579,535**	10,290,653

The accompanying notes are an integral part of the consolidated financial statements.

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, 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. Particulars of the Company's principal subsidiaries are set out in Note 20. Hereinafter, the Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements are presented in Renminbi ("RMB") which is the same as the functional currency of the Company, unless otherwise stated.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

2.1 Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board for the first time in the current year:

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 application of these amendments to IFRSs in the current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") *(CONTINUED)*

2.2 New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[3]
IFRS 15	Revenue from Contracts with Customers[3]
IFRS 16	Leases[4]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 7	Disclosure Initiative[2]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to IAS 27	Equity method in separate financial statements[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IFRSs	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.

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

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

The Group is in the process of assessing the impact of initial application of these amendments, new or revised IFRSs. Up to now, the Group considers that these amendments, new or revised IFRSs would have no significant impact on the Group's operating results and financial position.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changes to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain available-for-sale financial assets and financial assets at fair value through profit or loss that are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.1 Basis of preparation *(continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.2 Basis of consolidation *(continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.3 Business combinations *(continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.3 Business combinations *(continued)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.4 Goodwill *(continued)*

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described as note 3.5 below.

3.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.5 Investments in associates *(continued)*

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

3.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and services provided in the normal course of business, net of estimated customer returns, rebates, discounts, sales related taxes and other similar allowances.

Revenue from sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.7 Revenue recognition *(continued)*

Revenue from engineering services performed in respect of construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see Note 3.8).

Other service income is recognised when the services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

3.8 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.8 Construction contracts *(continued)*

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.9 Leasing *(continued)*

The Group as lessee *(continued)*

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.10 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency to the Group (i.e. RMB), using exchange rates prevailing at the end of each reporting period. Income and expenses, items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3.12 Government grants

Government grants, which take many forms including VAT refunds, are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.13 Retirement benefits costs and short-term employee benefits

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related services is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.14 Cash-settled share-based payment transactions

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for share appreciation rights which are settled in cash. The cost of share appreciation rights is measured initially at fair value at the grant date using the Black-Scholes formula taking into accounts the terms and conditions upon which the instruments are granted. This fair value is expensed over the vesting period with recognition of a corresponding liability. The liability is re-measured at fair value at each reporting date up to and including the settlement date with changes in fair value recognised in the consolidated statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting dates.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.16 Property, plant and equipment

Property, plant and equipment including buildings, leasehold land (classified as finance leases) and freehold land held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Construction in progress represents property, plant and equipment in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss in the year the item is derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.17 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3.18 Intangible assets

Patents

Patents have finite useful lives and are measured initially at purchase cost and are amortised on a straight line basis over their estimated useful lives. Subsequent to initial recognition, patents are stated at cost less accumulated amortisation and any accumulated impairment losses.

Trademarks

Trademarks have indefinite useful lives and are carried at cost less any accumulated impairment losses.

Mining rights

Mining rights have finite useful lives and are measured initially at purchase cost and are amortised on a straight line basis over the concession period. Subsequent to initial recognition, mining rights are stated at cost less accumulated amortisation and any accumulated impairment losses.

Gains or losses arising from derecognition of the intangible assets are measured at the difference between the net disposal proceeds and the carrying amount of the intangible assets and are recognised in the consolidated statement of profit or loss when the intangible assets are derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.19 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible asset with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value of disposal less costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset or a (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.22 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into categories: financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity investments, available-for-sale (“AFS”) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.22 Financial instruments *(continued)*

Financial assets *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts of financial instruments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which income is included in net gains or losses.)

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition, it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.22 Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at fair value through profit or loss *(continued)*

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "Investment and other income" line item. Fair value is determined in the manner described in note 5.3.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment losses on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.22 Financial instruments *(continued)*

Financial assets *(continued)*

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain unlisted equity shares, listed equity shares listed in Hong Kong and listed equity shares listed outside Hong Kong as AFS financial assets on initial recognition of those items.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of “fair value reserve” is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, pledge bank deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.22 Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investment, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic condition that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.22 Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of “fair value reserve”. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an even occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.22 Financial instruments *(continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity and perpetual capital instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital instruments issued by the Group with no maturity date and contracted obligation to repay its principal and any distribution are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.22 Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Financial liabilities at FVTPL *(continued)*

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are measured initially at their fair values and if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies above.

Other financial liabilities

Other financial liabilities, including trade and other payables, amount due to related parties, borrowings, obligations under finance leases and dividend payable to non-controlling interests are subsequently measured at amortised cost, using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.22 Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expenses is recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

3.24 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

3.24 Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3.25 Comparatives

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

As described in Note 3, in the application of the Group's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over Beijing New Building Material Public Limited Company ("BNBM")

BNBM is a subsidiary of the Group although the Group has only 45.2% equity interests and voting rights in BNBM. BNBM is listed on the stock exchange of Shenzhen, PRC. The Group has 45.2% equity interests in BNBM since September 2014 and the remaining 54.8% equity interests are owned by thousands of shareholders that are unrelated to the Group. Details of BNBM are set out in Note 20.

The management of the Company assessed whether or not the Group has control over BNBM based on whether the Group has the practical ability to direct the relevant activities of BNBM unilaterally. In making the judgement, the management considered the Group's absolute size of holding in BNBM and the relative size of and dispersion of the shareholding owned by the other shareholders. After assessment, the directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of BNBM and therefore the Group has control over BNBM.

Significant influence over Shanghai Yaohua Pikington Glass Group Co., Ltd. (上海耀皮玻璃集團股份有限公司) ("Shanghai Yaohua")

Note 21 describes that Shanghai Yaohua is an associate of the Group although the Group only owns 12.74% (2014: 12.72%) equity interests in Shanghai Yaohua. The Group has significant influence over Shanghai Yaohua by virtue of the contractual right to appoint 1 out of the 4 directors to the board of directors of that company.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.2 Key sources of estimation uncertainty

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

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. As at 31 December 2015, the carrying value of property, plant and equipment is approximately RMB126,225.42 million (2014: approximately RMB126,019.32 million).

Write down of inventories

During the year, the Group reversed provision of inventories of approximately RMB61.79 million (2014: write down of inventories provision of approximately RMB60.62 million). The Group makes write down of inventories based on assessment of the net realisable value of inventories. Write down of inventories is applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories required the use of judgement and estimates on the conditions and usefulness of the inventories.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of goodwill is approximately RMB42,604.26 million (2014: approximately RMB42,847.33 million). Details of the recoverable amount calculation are disclosed in Note 18.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

4.2 Key sources of estimation uncertainty *(continued)*

Income taxes

As at 31 December 2015, a deferred tax asset of approximately RMB2,442.50 million (31 December 2014: approximately RMB1,722.50 million) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB12,839.19 million (2014: approximately RMB13,306.83 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal take place.

Allowance for bad and doubtful debts

During the year, the Group provided allowance for bad and doubtful debts of approximately RMB548.98 million (2014: approximately RMB510.65 million) based on an assessment of the present value of the estimated future cash flow from trade and other receivables. Allowance on the estimated future cash flow is applied where events or changes in circumstances indicate that the part of or the whole balances may not be recoverable. The estimation of future cash flow from trade and other receivables requires the use of judgement and estimates.

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

Fair value measurements and valuation processes

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

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

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties and financial instruments. Relevant information about the utilization of valuation techniques and input in the process of determining the fair value of each asset and liability is disclosed in Note 5.3 and 17.

5 FINANCIAL RISK MANAGEMENT

5.1 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, liquidity risk and capital risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Group's financial performance. The Group seeks to minimise the effects of some of these risks by using derivative financial instruments.

(a) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency risk, interest rate risk and equity price risk. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

(i) Foreign currency risk

The Group's functional currency is RMB in which most of the transactions are denominated. However, certain cash and cash equivalents and borrowings are denominated in foreign currencies. Foreign currencies are also used to collect the Group's revenue from overseas operations and to settle purchases of machinery and equipment suppliers and certain expenses.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
United States Dollar ("USD")	**933,780**	103,703	**966,972**	1,052,035
European Dollar ("EUR")	**173,508**	601,131	**424,421**	564,510
Hong Kong Dollar ("HKD")	**234**	192,981	**381,728**	742,377
Papua New Guinea Kina ("PGK")	**61,290**	60,403	**193,498**	175,705
Saudi Arabian Riyal ("SAR")	**–**	458	**8,154**	8,150
Vietnamese Dong ("VND")	**–**	–	**1,673**	1,673
Kazakhstan Tenge ("KZT")	**846**	28,503	**48,012**	13,587
Australian Dollar ("AUD")	**24,908**	29,513	**15,151**	21,798
British Pound ("GBP")	**–**	885	**1,161**	278,509
Thai Baht ("THB")	**–**	–	**–**	174,178
Japanese Yen ("JPY")	**–**	–	**14,704**	–
Others	**12,999**	454	**74,060**	3,569

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(i) Foreign currency risk *(continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 6.44% increase or decrease in RMB against the relevant foreign currencies. 6.44% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of reporting period for a 6.44% change in foreign currency rates. A negative number below indicates a decrease in profit where RMB strengthen 6.44% against the relevant currency. For a 6.44% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be positive.

Effect on profit after tax

	2015 ***RMB'000***	2014 *RMB'000*
USD	**(1,454)**	(45,840)
EUR	**(10,992)**	1,770
HKD	**(16,713)**	(26,557)
PGK	**(5,792)**	(5,574)
SAR	**(357)**	(372)
VND	**(73)**	(81)
KZT	**(2,066)**	721
AUD	**427**	373
GBP	**(51)**	(13,419)
THB	**–**	(8,419)
JPY	**(644)**	–
Others	**(2,701)**	(151)
	(40,416)	(97,549)

The change in exchange rate does not affect other component of equity.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk

The Group is exposed to interest rate risk due to the fluctuation of the prevailing market interest rate on bank borrowings which carry at prevailing market interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The interest rate risk on bank balances is minimal as the fluctuation of the prevailing market interest rate is insignificant.

The Group cash flow interest rate risk is mainly concentrated on the fluctuation of the basic interest rate declared by People's Bank of China arising from the Group's long-term borrowings.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

For variable-rate bank borrowings the analysis is prepared assuming the amount of liability outstanding at the reporting date, which amounted RMB58,709.10 million (2014: RMB55,119.35 million), was outstanding for the whole year. A 126 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 126 basis points higher and all other variables were held constant, the Group's net profit for the year ended 31 December 2015 would decrease by RMB503.21 million (2014: RMB521.29 million). This is mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowings. For a 126 basis points lower, there would be an equal and opposite impact on the profit, and the balances above would be negative.

The Company's sensitivity to interest rates has increased during the current year mainly due to the increase in variable-rate bank borrowings.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(iii) Equity price risk

Equity price risk is the risk that the fair values of available-for-sale and held-for-trading listed equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as available-for-sale financial assets in Note 22 and financial assets at fair value through profit or loss in Note 23 as at 31 December 2015. The Group's listed investments are listed on the Hong Kong, Shenzhen and Shanghai Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period date, and its respective highest and lowest point during the year was as follows:

	31 December 2015	**High/low 2015**	31 December 2014	High/low 2014
Hong Kong Stock Exchange – Hang Seng Index	**21,914**	**28,442/20,556**	23,605	25,363/21,138
Shenzhen Stock Exchange – Component Index	**12,665**	**18,098/9,291**	11,015	11,015/6,998
Shanghai Stock Exchange – Composite Index	**3,539**	**5,166/2,927**	3,235	3,235/1,991

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(iii) Equity price risk *(continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase in the fair values of held-for-trading listed equity securities against the Group's profit after tax with all other variables held constant on their carrying amounts at the end of the reporting period.

	2015 Carrying amount of equity investments	**2015 Increase in net profit**	2014 Carrying amount of equity investments	2014 Increase in net profit
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Investments listed in:				
Hong Kong, Shenzhen and Shanghai Stock Exchange				
Held-for-trading	**1,773,583**	**120,650**	800,379	60,076

For a 10% decrease in the fair values of the equity investments, there would be an equal and opposite impact on the profit.

(b) Credit risk

The Group's credit risk arises from cash and cash equivalents, pledged bank deposits, amounts due from related parties as well as trade receivables and certain other receivables.

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a finance loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company is arising from:

- the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to cover overdue debts. The management also sets several policies to encourage the salespersons increasing the receivables gathering. In addition, the Group reviews the recoverable amounts of trade receivables at each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company considers the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the bank balances and pledged bank deposits are maintained with state-owned banks or other creditworthy financial institutions in the PRC.

The credit risk on bills receivable is limited because the bills are guaranteed by banks for payments and the banks are either the state-owned banks or other creditworthy financial institutions in the PRC.

The Group has no significant concentration of credit risk. Trade receivables (including amounts due from related parties with trading nature) consist of a large number of customers, spread across diverse geographical areas.

(c) 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.

As at 31 December 2015, the Group has net current liabilities and capital commitments of approximately RMB87,389.63 million (2014: approximately RMB92,424.19 million) and approximately RMB9.87 million (2014: approximately RMB179.31 million) (Note 41), respectively. The Group is exposed to liquidity risk as a significant percentage of the Group's funding are sourced through short-term bank borrowings. The directors manage liquidity risk by monitoring the utilisation of borrowings, ensuring compliance with loan covenants and issuing new shares, domestic corporate bonds and debentures. In addition, the Group has obtained committed credit facilities from banks. As at 31 December 2015, the Group had unused banking facilities and bonds registered but not yet issued, of approximately RMB108,943.29 million (2014: approximately RMB130,745.69 million).

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Effective interest rate %	Within one year *RMB'000*	One to two years *RMB'000*	Two to three years *RMB'000*	Three to four years *RMB'000*	Four to five years *RMB'000*	After five years *RMB'000*	Total undiscounted cash flow *RMB'000*	Carrying amount *RMB'000*
As at 31 December 2015									
Trade and other payables	–	46,291,855	–	–	–	–	–	46,291,855	46,291,855
Amounts due to related parties									
Interest-free	–	1,745,866	–	–	–	–	–	1,745,866	1,745,866
Fixed rate	5.64%	492,297	–	–	–	–	–	492,297	481,323
Advances from immediate holding company	5.64%	5,402,230	–	–	–	–	–	5,402,230	5,115,751
Borrowings									
Fixed rate bank loans	4.02%	37,913,387	2,565,569	937,264	251,904	85,422	88,165	41,841,711	40,224,678
Variable rate bank loans	4.51%	48,509,846	5,676,649	4,575,712	214,238	1,257,138	1,123,289	61,356,872	58,709,093
Other borrowings from non-financial institutions	6.69%	117,890	113,089	935,116	–	–	–	1,166,095	1,093,000
Bonds	3.88%	62,764,763	8,292,637	6,748,721	–	–	–	77,806,121	74,900,000
Obligations under finance leases	8.60%	4,865,900	4,255,417	12,082,686	2,419,206	899,106	28,284	24,550,599	22,606,938
Dividend payable to non-controlling interests	–	216,528	–	–	–	–	–	216,528	216,528
Financial guarantee contracts	5.35%	60,030	–	–	–	–	–	60,030	56,981
		208,380,592	20,903,361	25,279,499	2,885,348	2,241,666	1,239,738	260,930,204	251,442,013

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Effective interest rate %	Within one year RMB'000	One to two years RMB'000	Two to three years RMB'000	Three to four years RMB'000	Four to five years RMB'000	After five years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2014	–	–	–	–	–	–	–	–	–
Trade and other payables	–	51,271,781	–	–	–	–	–	51,271,781	51,271,781
Amounts due to related parties	–	–	–	–	–	–	–	–	–
Interest-free	–	1,060,998	–	–	–	–	–	1,060,998	1,060,998
Fixed rate	6%	692,003	–	–	–	–	–	692,003	652,833
Borrowings									
Fixed rate bank loans	5.98%	55,819,614	8,222,638	2,216,504	605,922	642,108	593,622	68,100,408	63,504,401
Variable rate bank loans	6.00%	40,424,455	8,030,624	4,987,275	2,847,943	1,280,684	1,152,232	58,723,213	55,119,347
Bonds	5.12%	51,529,064	9,595,036	–	–	–	–	61,124,100	58,400,000
Obligations under finance leases	6.15%	4,620,063	2,571,038	1,989,790	5,046,457	1,172,965	318,352	15,718,665	13,633,172
Dividend payable to non-controlling interests	–	441,789	–	–	–	–	–	441,789	441,789
Financial guarantee contracts	5.35%	3,212	60,030	–	–	–	–	63,242	56,981
		205,862,979	28,479,366	9,193,569	8,500,322	3,095,757	2,064,206	257,196,199	244,141,302

5.2 Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure the Group consists of debt, which includes the borrowings disclosed in Note 31, cash and cash equivalents disclosed in Note 29, equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings and perpetual capital instruments.

The management of the Group review the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associates with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.3 Fair value measurements of financial instruments

(a) Financial instruments that are measured at fair value on a recurring basis

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).

The following table presents the Group assets and liabilities that are measured at fair value at 31 December 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	1,773,583	–	1,310,760	3,084,343
Available-for-sale financial assets	1,505,422	–	1,061,258	2,566,680
Total assets	3,279,005	–	2,372,018	5,651,023
Liabilities				
Financial guarantee contracts	–	–	56,981	56,981
Total liabilities	–	–	56,981	56,981

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.3 Fair value estimation *(continued)*

(a) Financial instruments that are measured at fair value on a recurring basis *(continued)*

The following table presents the Group assets and liabilities 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	1,807,161	–	1,178,325	2,985,486
Liabilities				
Financial guarantee contracts	–	–	56,981	56,981
Total liabilities	–	–	56,981	56,981

During the year ended 31 December 2015, there were no significant transfers between levels of the financial assets and financial liabilities.

During the year ended 31 December 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 liabilities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quotes prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. The instruments are included in level 1. Instruments includes in level 1 comprise primarily Hong Kong Stock Exchange, Shenzhen Stock Exchange and Shanghai Stock Exchange equity investments classified as trading securities.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.3 Fair value estimation *(continued)*

(a) Financial instruments that are measured at fair value on a recurring basis *(continued)*

The fair value 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 management 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

Financial assets	Fair value as at 31 December 2015	Fair value as at 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: RMB1,310,760,000	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.

There are RMB2,456,000 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.

5 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

5.3 Fair value estimation *(continued)*

(b) Financial instruments that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of the Group's financial assets and financial liabilities carried at cost or amortised cost were not materially different from their fair value.

6 REVENUE

	2015	2014
	RMB'000	*RMB'000*
Sale of goods	**91,998,600**	113,507,294
Provision of engineering services	**7,046,646**	4,572,597
Rendering of other services	**1,246,341**	3,931,331
	100,291,587	122,011,222

7 SEGMENTS INFORMATION

(a) Operating segments

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

Principal activities are as follows:

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

7 SEGMENTS INFORMATION

(a) Operating segments *(continued)*

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

Year ended 31 December 2015

	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fibre and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Statement of profit or loss								
Revenue								
External sales	59,096,900	21,461,965	7,084,563	3,260,519	7,115,008	2,272,632	–	100,291,587
Inter-segment sales (Note)	2,745,344	–	3,588	–	882,537	715,494	(4,346,963)	–
	61,842,244	21,461,965	7,088,151	3,260,519	7,997,545	2,988,126	(4,346,963)	100,291,587
Adjusted EBITDA	15,614,849	2,891,170	1,918,129	510,637	1,249,653	(185,063)	–	21,999,375
Depreciation and amortisation, and prepaid lease payments released to consolidated statement of profit or loss	(6,217,647)	(864,110)	(394,318)	(90,983)	(138,547)	(74,581)	–	(7,780,186)
Unallocated other income								360,549
Unallocated administrative expenses								(273,505)
Share of profit/(loss) of associates	139,960	–	5,856	(58,119)	(1,180)	244,712	–	331,229
Finance costs – net	(7,224,868)	(2,054,538)	(126,009)	(33,073)	(337,403)	(188,290)	–	(9,964,181)
Unallocated finance costs-net								(568,004)
Profit before income tax								4,105,277
Income tax expense								(1,312,622)
Profit for the year								2,792,655

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(continued)*

Year ended 31 December 2015 *(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 expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the year under evaluation compared to relying on one of the measures.

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

	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fibre and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Other information								
Capital expenditure:								
Property, plant and equipment	5,470,834	389,903	741,246	209,378	389,603	295,012	–	7,495,976
Prepaid lease payments	351,248	16,307	360,815	–	11,041	44,012	–	783,423
Intangible assets	1,291,845	10,358	18,532	14,257	14,337	818,199	–	2,167,528
Unallocated								27,368
	7,113,927	416,568	1,120,593	223,635	414,981	1,157,223	–	10,474,295
Acquisition of subsidiaries	344,555	–	144,884	–	1,201	83,492	–	574,132

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(continued)*

Year ended 31 December 2015 *(continued)*

	Cement RMB'000	Concrete RMB'000	Lightweight building materials RMB'000	Glass fibre and composite materials RMB'000	Engineering services RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Depreciation and amortisation								
Property, plant and equipment	5,551,875	843,320	340,702	84,651	122,047	59,599	–	7,002,194
Intangible assets	356,274	2,635	11,397	2,064	7,834	10,323	–	390,527
Unallocated								59,597
	5,908,149	845,955	352,099	86,715	129,881	69,922	–	7,452,318
Prepaid lease payments released to the consolidated statement of profit or loss	309,498	18,155	42,219	4,268	8,666	4,659	–	387,465
Allowance for bad and doubtful debts	193,349	230,747	3,562	64,110	40,047	17,165	–	548,980
Reversal of provision of inventories	(283)	–	–	–	–	(61,507)	–	(61,790)
Statement of financial position								
Assets								
Segment assets	201,387,744	44,956,550	11,662,524	5,369,539	13,765,966	6,673,901	–	283,816,224
Interests in associates	6,355,151	–	109,360	3,309,452	33,890	556,695	–	10,364,548
Unallocated assets								35,607,162
Total consolidated assets								329,787,934
Liabilities								
Segment liabilities	(151,416,516)	(13,582,879)	(3,739,641)	(3,019,662)	(14,063,378)	(6,597,271)	–	(192,419,347)
Unallocated liabilities								(63,907,310)
Total consolidated liabilities								(256,326,657)

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(continued)*

Year ended 31 December 2014

	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fibre and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Statement of profit or loss								
Revenue								
External sales	73,451,083	28,695,283	7,672,877	2,601,792	5,834,494	3,755,693	–	122,011,222
Inter-segment sales (Note)	1,623,461	1,578	–	–	1,793,674	1,261,801	(4,680,514)	–
	75,074,544	28,696,861	7,672,877	2,601,792	7,628,168	5,017,494	(4,680,514)	122,011,222
Adjusted EBITDA	20,135,604	4,793,630	2,160,805	390,742	912,549	153,398	–	28,546,728
Depreciation and amortisation, and prepaid lease payments released to consolidated statement of profit or loss	(5,652,219)	(888,950)	(334,069)	(87,387)	(127,341)	(59,111)	40,761	(7,108,316)
Unallocated other income								138,293
Unallocated administrative expenses								(152,482)
Share of profit/(loss) of associates	657,317	247	5,157	178,614	(2,676)	146,767	–	985,426
Finance costs – net	(7,425,569)	(1,975,421)	(173,351)	(65,150)	(324,972)	(142,331)	–	(10,106,794)
Unallocated finance costs-net								(749,844)
Profit before income tax								11,553,011
Income tax expense								(2,881,364)
Profit for the year								8,671,647

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(continued)*

Year ended 31 December 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 expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the year under evaluation compared to relying on one of the measures.

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

	Cement	Concrete	Lightweight building materials	Glass fibre and composite materials	Engineering services	Others	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other information								
Capital expenditure:								
Property, plant and equipment	4,553,075	516,170	975,373	285,043	285,127	927,235	–	7,542,023
Prepaid lease payments	290,803	17,039	170,298	–	–	128,436	–	606,576
Intangible assets	842,166	3,219	23,628	4,511	2,201	274,683	–	1,150,408
Unallocated								49,491
	5,686,044	536,428	1,169,299	289,554	287,328	1,330,354	–	9,348,498
Acquisition of subsidiaries	1,106,829	250,389	65,223	–	1,313,688	–	–	2,736,129

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(continued)*

Year ended 31 December 2014 *(continued)*

	Cement *RMB'000*	Concrete *RMB'000*	Lightweight building materials *RMB'000*	Glass fibre and composite materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Depreciation and amortisation								
Property, plant and equipment	5,010,782	868,712	308,658	77,027	111,756	50,278	–	6,427,213
Intangible assets	314,730	1,654	14,386	2,670	7,070	5,695	–	346,205
Unallocated								54,824
	5,325,512	870,366	323,044	79,697	118,826	55,973	–	6,828,242
Prepaid lease payments released to the consolidated statement of profit or loss	285,946	18,584	11,025	7,690	8,515	3,138	–	334,898
Allowance for bad and doubtful debts	195,628	127,613	1,816	76,172	97,417	12,008	–	510,654
Write down/(reversal of provision) of inventories	–	–	–	–	(883)	61,507	–	60,624
Statement of financial position								
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)

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

7 SEGMENTS INFORMATION *(CONTINUED)*

(a) Operating segments *(continued)*

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

	2015	2014
	RMB'000	*RMB'000*
Adjusted EBITDA for reportable segments	**22,184,438**	28,393,330
Adjusted EBITDA for other segment	**(185,063)**	153,398
Eliminations	**–**	–
Total segments profit	**21,999,375**	28,546,728
Depreciation of property, plant and equipment	**(7,002,194)**	(6,427,213)
Amortisation of intangible assets	**(390,527)**	(346,205)
Prepaid lease payments released to the consolidated statements of profit or loss	**(387,465)**	(334,898)
Corporate items	**87,044**	(14,189)
Operating profit	**14,306,233**	21,424,223
Finance costs – net	**(10,532,185)**	(10,856,638)
Share of profit of associates	**331,229**	985,426
Profit before income tax	**4,105,277**	11,553,011

7 SEGMENTS INFORMATION *(CONTINUED)*

(b) Geographical segments

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

	Revenue from external customers	
	2015	2014
	RMB'000	*RMB'000*
PRC	**97,876,102**	120,460,792
Europe	**911,301**	480,792
Middle East	**333,685**	484,194
Southeast Asia	**413,082**	321,244
Oceania	**1,331**	153,354
Others	**756,086**	110,846
	100,291,587	122,011,222

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

(c) Information of major customers

No single customer amounted for 10% or more of the total revenue for the years ended 31 December 2015 and 2014.

8 INVESTMENT AND OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Dividend from available-for-sale financial assets	**33,746**	16,535
Discount on acquisition of interests in subsidiaries (Note 38(a))	**34,080**	215,743
Gain on disposal of property, plant and equipment, investment properties, intangible assets and prepaid lease payments, net	**33,674**	6,406
Government subsidies:		
– VAT refunds (Note (a))	**1,281,280**	2,094,120
– Government grants (Note (b))	**3,444,283**	1,560,813
– Interest subsidy	**116,766**	34,061
Gain on disposal of subsidiaries, net (Note 38(b))	**31,084**	15,308
Increase in fair value of financial assets at fair value through profit or loss	**438,678**	316,657
Net rental income from:		
– Investment properties (Note 17)	**7,947**	35,649
– Land and building	**124,680**	–
– Equipment	**175,873**	74,158
Technical and other service income	**102,972**	147,654
Waiver of payables	**70,393**	60,722
Others	**400,009**	377,122
	6,295,465	4,954,948

Notes:

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

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

9 FINANCE COSTS – NET

	2015	2014
	RMB'000	*RMB'000*
Interest expenses on bank borrowings:		
– wholly repayable within five years	**6,903,696**	9,802,424
– not wholly repayable within five years	**–**	111,430
	6,903,696	9,913,854
Interest expenses on bonds and other borrowings	**4,518,511**	2,362,840
Less: interest capitalised to construction in progress	**(336,258)**	(687,821)
	11,085,949	11,588,873
Interest income:		
– interest on bank deposits	**(435,331)**	(361,541)
– interest on loans receivables	**(118,433)**	(370,694)
	(553,764)	(732,235)
Finance costs – net	**10,532,185**	10,856,638

Borrowing costs capitalised for the year ended 31 December 2015 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 4.87% (2014: 6.94%) per annum to expenditure on the qualifying assets.

10 DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and supervisors' emoluments

Year ended 31 December 2015

	Fees *RMB'000*	Salaries, allowance and benefits-in- kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement plan contributions *RMB'000*	Share appreciation rights *RMB'000*	Total *RMB'000*
Executive directors						
Mr. Song Zhiping	–	–	–	–	–	–
Mr. Cao Jianglin	–	–	–	–	–	–
Mr. Chang Zhangli	–	387	300	44	–	731
Mr. Peng Shou	–	432	540	28	–	1,000
Mr. Cui Xingtai	–	446	540	44	–	1,030
Non-executive directors						
Mr. Guo Chaomin	–	–	–	–	–	–
Mr. Huang Anzhong	–	–	–	–	–	–
Mr. Tao Zheng	–	–	–	–	–	–
Independent non-executive directors						
Mr. Shin Fang	300	–	–	–	–	300
Mr. Tang Yunwei	300	–	–	–	–	300
Mr. Zhao Lihua	300	–	–	–	–	300
Mr. Wu Liansheng	300	–	–	–	–	300
Mr. Sun Yanjun	300	–	–	–	–	300
Supervisors						
Mr. Wu Jiwei	–	–	–	–	–	–
Ms. Zhou Guoping	–	–	–	–	–	–
Ms. Cui Shuhong	–	169	97	44	–	310
Ms. Zeng Xuan	–	115	47	20	–	182
Independent supervisors						
Mr. Wu Weiku	200	–	–	–	–	200
Mr. Liu Jianwen	200	–	–	–	–	200
	1,900	1,549	1,524	180	–	5,153

10 DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' and supervisors' emoluments (continued)

Year ended 31 December 2014

	Fees RMB'000	Salaries, allowance and benefits-in- kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	Share appreciation rights RMB'000	Total RMB'000
Executive directors						
Mr. Song Zhiping	–	–	–	–	–	–
Mr. Cao Jianglin	–	118	249	13	–	380
Mr. Chang Zhangli	–	369	300	40	–	709
Mr. Peng Shou	–	418	540	25	–	983
Mr. Cui Xingtai	–	430	504	39	–	973
Non-executive directors						
Mr. Guo Chaomin	–	–	–	–	–	–
Mr. Huang Anzhong	–	–	–	–	–	–
Mr. Tao Zheng	–	–	–	–	–	–
Independent non-executive directors						
Mr. Qiao Longde	125	–	–	–	–	125
Mr. Li Decheng	75	–	–	–	–	75
Mr. Ma Zhongzhi	75	–	–	–	–	75
Mr. Shin Fang	300	–	–	–	–	300
Mr. Wu Liansheng	300	–	–	–	–	300
Mr. Tang Yunwei	217	–	–	–	–	217
Mr. Zhao Lihua	217	–	–	–	–	217
Mr. Sun Yanjun	50	–	–	–	–	50
Supervisors						
Mr. Wu Jiwei	–	–	–	–	–	–
Ms. Zhou Guoping	–	–	–	–	–	–
Ms. Cui Shuhong	–	172	97	40	–	309
Mr. Liu Zhiping	–	174	97	40	–	311
Independent supervisors						
Mr. Wu Weiku	33	–	–	–	–	33
Mr. Liu Jianwen	33	–	–	–	–	33
	1,425	1,681	1,787	197	–	5,090

10 DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, none (2014: none) of the directors of the Company whose emoluments are included in the disclosures above. The emoluments in respect of five (2014: five) individuals were as follows:

	2015	2014
	RMB'000	*RMB'000*
Salaries, allowances and benefits-in-kind	**1,667**	1,539
Discretionary bonuses	**5,994**	6,177
Retirement plan contributions	**190**	158
	7,851	7,874

Their emoluments paid by the Group are within the following bands:

	Number of the five highest paid individuals	
	2015	2014
Nil – HKD1,000,000 (equivalent to RMB837,200)	**–**	–
HKD1,000,001 – HKD1,500,000 (equivalent to RMB1,255,800)	**–**	–
HKD1,500,001 – HKD2,000,000 (equivalent to RMB1,674,400)	**3**	3
HKD2,000,001 – HKD2,500,000 (equivalent to RMB2,093,000)	**2**	2

No emoluments were paid by the Group to the directors, supervisors nor the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and none of the directors and supervisors has waived any emoluments for both years.

11 PROFIT BEFORE INCOME TAX

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

	2015	2014
	RMB'000	*RMB'000*
Depreciation of:		
property, plant and equipment	**7,052,766**	6,472,982
investment properties	**9,025**	9,055
	7,061,791	6,482,037
Amortisation of intangible assets	**390,527**	346,205
Total depreciation and amortisation	**7,452,318**	6,828,242
Impairment loss on available-for-sale financial assets	**2,734**	759
Impairment loss on goodwill	**391,180**	2,257
Impairment loss on property, plant and equipment recognised	**–**	1,615
Cost of inventories recognised as expenses	**68,046,735**	81,298,297
Prepaid lease payments released to the consolidated statement of profit or loss	**387,465**	334,898
Auditor's remuneration	**14,026**	13,939
Staff costs including directors' remunerations:		
Salaries, bonus and other allowances	**8,192,248**	8,426,082
Retirement plan contributions	**909,570**	906,916
Total staff costs	**9,101,818**	9,332,998
Allowance for bad and doubtful debts	**548,980**	510,654
(Reversal of provision)/write down of inventories	**(61,790)**	60,624
Operating lease rentals	**283,979**	228,879
Net foreign exchange (gain)/losses	**(53,037)**	47,545

12 INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss

	2015 **RMB'000**	2014 RMB'000
Current income tax	**2,163,062**	3,531,305
Deferred income tax (Note 32)	**(850,440)**	(649,941)
	1,312,622	2,881,364

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 for both years, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rates of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

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

	2015 **RMB'000**	2014 RMB'000
Profit before income tax	**4,105,277**	11,553,011
Tax at domestic income tax rate of 25% (2014: 25%)	**1,026,319**	2,888,252
Tax effect of:		
Share of profits of associates	**(82,807)**	(246,357)
Expenses not deductible for tax purposes	**101,487**	23,030
Income not taxable for tax purposes	**(578,759)**	(171,411)
Tax effect of tax losses not recognised	**1,948,028**	1,382,160
Utilisation of previously unrecognised tax losses	**(641,135)**	(449,086)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment (Note)	**–**	(9,700)
Effect of different tax rates of subsidiaries	**(460,511)**	(535,524)
Income tax expense	**1,312,622**	2,881,364

12 INCOME TAX EXPENSE *(CONTINUED)*

(a) Taxation in the consolidated statement of profit or loss *(continued)*

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

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

		2015			2014	
	Before taxation	**Taxation credited (Note 32)**	**Net of taxation**	Before taxation	Taxation credited (Note 32)	Net of taxation
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Currency translation differences	**26,341**	**–**	**26,341**	9,547	–	9,547
Changes in fair value of available-for-sale financial assets	**110,339**	**(29,587)**	**80,752**	86,918	(21,730)	65,188
Shares of associates' other comprehensive (income)/expenses, net	**(19,016)**	**–**	**(19,016)**	82,134	–	82,134
Other comprehensive expenses/(income)	**117,664**	**(29,587)**	**88,077**	178,599	(21,730)	156,869

13 DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends paid	**890,839**	863,844
Proposed final dividend		
– RMB0.037 (2014: RMB0.165) per share (see below)	**199,764**	890,839

The final dividend of RMB199,763,971.69 in total (pre-tax) has been proposed by the board of directors on 25 March 2016.

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

14 EARNINGS PER SHARE – BASIC AND DILUTED

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

	2015	2014
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**1,019,361**	5,919,541

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares in issue	**5,399,026**	5,399,026

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

15 PROPERTY, PLANT AND EQUIPMENT

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost					
As at 1 January 2014	8,770,832	60,298,974	63,997,996	6,049,597	139,117,399
Additions	4,778,337	1,952,978	738,684	121,515	7,591,514
Acquisition of subsidiaries (Note 38(a))	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	1,265,783	(693,478)	(1,075,681)	–	(503,376)
Transfer to prepaid lease payments (Note 16)	–	(2,126)	–	–	(2,126)
Disposals	(5,934)	(72,111)	(210,275)	(88,778)	(377,098)
Disposal of subsidiaries (Note 38(b))	(381,999)	(139,424)	(304,712)	(4,580)	(830,715)
As at 31 December 2014 and 1 January 2015	**7,315,076**	**65,627,719**	**68,162,890**	**6,185,930**	**147,291,615**
Additions	**5,235,700**	**921,303**	**1,331,271**	**21,269**	**7,509,543**
Acquisition of subsidiaries (Note 38(a))	**80,437**	**156,056**	**221,603**	**5,752**	**463,848**
Transfer from construction in progress	**(8,053,741)**	**3,568,863**	**4,480,083**	**4,795**	**–**
Transfer to construction in progress for reconstruction	**930,649**	**(471,100)**	**(1,005,169)**	**(686)**	**(546,306)**
Disposals	**(112,510)**	**(316,544)**	**(363,023)**	**(339,967)**	**(1,132,044)**
Disposal of subsidiaries (Note 38(b))	**–**	**–**	**(34,240)**	**(1,959)**	**(36,199)**
As at 31 December 2015	**5,395,611**	**69,486,297**	**72,793,415**	**5,875,134**	**153,550,457**

15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Depreciation and impairment					
As at 1 January 2014	78,623	4,155,774	10,342,340	1,054,642	15,631,379
Charge for the year	–	1,731,031	4,056,508	685,443	6,472,982
Transfer to construction in progress for reconstruction	14,456	(101,143)	(416,689)	–	(503,376)
Transfer to prepaid lease payments (Note 16)	–	(624)	–	–	(624)
Disposals	–	(24,850)	(133,306)	(64,783)	(222,939)
Disposal of subsidiaries (Note 38(b))	–	(15,936)	(88,876)	(1,931)	(106,743)
Impairment loss recognised	1,615	–	–	–	1,615
As at 31 December 2014 and 1 January 2015	**94,694**	**5,744,252**	**13,759,977**	**1,673,371**	**21,272,294**
Charge for the year	**–**	**1,835,685**	**4,597,095**	**619,986**	**7,052,766**
Transfer to construction in progress for reconstruction	**–**	**(127,965)**	**(417,983)**	**(357)**	**(546,305)**
Disposals	**–**	**(102,602)**	**(96,733)**	**(238,448)**	**(437,783)**
Disposal of subsidiaries (Note 38(b))	**–**	**–**	**(15,076)**	**(856)**	**(15,932)**
As at 31 December 2015	**94,694**	**7,349,370**	**17,827,280**	**2,053,696**	**27,325,040**
Carrying values					
As at 31 December 2015	**5,300,917**	**62,136,927**	**54,966,135**	**3,821,438**	**126,225,417**
As at 31 December 2014	7,220,382	59,883,467	54,402,913	4,512,559	126,019,321

15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The carrying value amount of land and buildings shown above comprises leasehold interests in land situated in the PRC under medium term leases.

As at 31 December 2015, the carrying value of plant and machinery includes an amount of approximately RMB24,456.04 million (2014: approximately RMB17,994.19 million) in respect of assets held under finance leases.

At the reporting date, the carrying amount of the Group's property, plant and equipment pledged to secure the bank borrowings granted to the Group is analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Land and buildings	**642,513**	1,539,656
Plant and machinery	**7,491,068**	9,341,538
Motor vehicles	**–**	420
Total	**8,133,581**	10,881,614

Depreciation is provided to write off the cost of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, as follows:

Land and buildings	2.38%
Plant and machinery	5.28% to 9.50%
Motor vehicles	9.50%

At 31 December 2015, land and buildings with carrying value of approximately RMB2,530.44 million (2014: approximately RMB5,086.26 million) are still in the process of applying the title certificates.

16 PREPAID LEASE PAYMENTS

	2015 *RMB'000*	2014 *RMB'000*
Carrying amount		
As at 1 January	**14,456,154**	13,939,811
Additions	**783,423**	606,576
Acquisitions of subsidiaries (Note 38(a))	**53,244**	378,345
Released to the consolidated statement of profit or loss	**(387,465)**	(334,898)
Disposals	**(28,931)**	(2,125)
Disposal of subsidiaries (Note 38(b))	**–**	(130,471)
Transfer from property, plant and equipment (Note 15)	**–**	1,502
Transfer from investment properties (Note 17)	**–**	327
Exchange difference	**–**	(2,913)
As at 31 December	**14,876,425**	14,456,154

Analysis of the carrying amount of prepaid lease payments is as follows:

	2015 *RMB'000*	2014 *RMB'000*
The carrying amount of prepaid lease payments are analysed as follows:		
Non-current portion	**14,512,689**	14,107,910
Current portion included in trade and other receivables (Note 26)	**363,736**	348,244
	14,876,425	14,456,154

The amount represents the prepaid lease payments situated in the PRC for a period of 10 to 50 years.

As at 31 December 2015, prepaid lease payments with carrying value of approximately RMB16.38 million (2014: approximately RMB99.59 million) are still in the process of applying the title certificates.

As at 31 December 2015, the Group has pledged prepaid lease payments with a carrying value of approximately RMB191.72 million (2014: approximately RMB531.76 million) to secure bank borrowings granted to the Group.

17 INVESTMENT PROPERTIES

	2015	2014
	RMB'000	*RMB'000*
Cost		
As at 1 January	**390,678**	393,316
Additions	**13,801**	–
Acquired on acquisition of subsidiaries (Note 38(a))	**18,147**	–
Disposal	**–**	(2,215)
Transfer to prepaid lease payments (Note 16)	**–**	(423)
As at 31 December	**422,626**	390,678
Depreciation		
As at 1 January	**90,206**	81,247
Charge for the year	**9,025**	9,055
Transfer to prepaid lease payments (Note 16)	**–**	(96)
As at 31 December	**99,231**	90,206
Carrying values		
As at 31 December	**323,395**	300,472

The cost of investment properties is depreciated over their estimated useful lives at an estimated rate of 2.38% (2014: 2.38%) per annum.

As at 31 December 2015, the Group has not pledged investment properties (2014: approximately RMB198.48 million) to secure bank borrowings granted to the Group.

The fair value of the Group's investment properties as at 31 December 2015 was approximately RMB708.62 million (2014: approximately RMB750.11 million). The fair value has been arrived at on the basis of a valuation carried out at that date by independent local valuers, who are not connected with the Group. The valuation was arrived at by making reference to comparable sales transactions as available in the related market.

The property rental income earned by the Group during the year from its investment properties, all of which are leased out under operating leases, amounted to approximately RMB10.49 million (2014: approximately RMB54.22 million). Direct operating expenses arising on the investment properties amounted to approximately RMB2.54 million (2014: approximately RMB18.57 million).

18 GOODWILL

	2015	2014
	RMB'000	*RMB'000*
As at 1 January	**42,847,327**	42,310,902
Arising from acquisition of subsidiaries (Note 38(a))	**148,108**	558,123
Disposal of subsidiaries (Note 38(b))	**–**	(19,441)
Impairment loss for the year	**(391,180)**	(2,257)
As at 31 December	**42,604,255**	42,847,327

Goodwill is allocated to the cash-generating units ("CGUs") that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated as follows:

	2015	2014
	RMB'000	*RMB'000*
Cement	**33,619,422**	33,928,623
Concrete	**8,752,362**	8,791,330
Lightweight building materials	**92,552**	92,552
Glass fiber and composite materials	**15,991**	15,991
Engineering services	**62**	62
Others	**123,866**	18,769
	42,604,255	42,847,327

The Group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill might be impaired.

The Group determines the value in use of CGUs based on estimated discounted cash-flows, the discount rates and annual growth rates.

The Group prepares cash flow forecasts derived from the most recent financial budgets of 5 years. The cash flows for the following five years are extrapolated with varying growth rates assuming the existing level of sales and production remaining the same and based on the average long-term growth rate for the business in which the CGU operates. The cash flows beyond the five-year period are extrapolated using zero growth rate. The average discount rates of 10% per annum are post-tax and reflect specific risks relating to the Group.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of each CGU or groups of CGUs to exceed its recoverable amount.

19 INTANGIBLE ASSETS

	Mining rights *RMB'000*	Patents and trademarks *RMB'000*	Total *RMB'000*
Cost			
As at 1 January 2014	5,014,953	299,786	5,314,739
Additions	1,103,204	47,204	1,150,408
Acquisition of subsidiaries (Note 38(a))	60,486	1,281	61,767
Disposals	–	(440)	(440)
Disposal of subsidiaries (Note 38(b))	–	(39,391)	(39,391)
As at 31 December 2014 and 1 January 2015	**6,178,643**	**308,440**	**6,487,083**
Additions	**2,103,359**	**64,169**	**2,167,528**
Acquisition of subsidiaries (Note 38(a))	**37,691**	**1,202**	**38,893**
Disposals	**–**	**(19,719)**	**(19,719)**
Disposal of subsidiaries (Note 38(b))	**–**	**(4,416)**	**(4,416)**
As at 31 December 2015	**8,319,693**	**349,676**	**8,669,369**
Amortisation and impairment			
As at 1 January 2014	716,851	91,763	808,614
Charge for the year	294,748	51,457	346,205
Disposals	–	(51)	(51)
Disposal of subsidiaries (Note 38(b))	–	(4,088)	(4,088)
As at 31 December 2014 and 1 January 2015	**1,011,599**	**139,081**	**1,150,680**
Charge for the year	**337,484**	**53,043**	**390,527**
Disposals	**–**	**(12,319)**	**(12,319)**
Disposal of subsidiaries (Note 38(b))	**–**	**(4,416)**	**(4,416)**
As at 31 December 2015	**1,349,083**	**175,389**	**1,524,472**
Carrying values			
As at 31 December 2015	**6,970,610**	**174,287**	**7,144,897**
As at 31 December 2014	5,167,044	169,359	5,336,403

19 INTANGIBLE ASSETS *(CONTINUED)*

Trademarks have indefinite useful lives. Patents included above have finite useful lives, over which the assets are amortised. The amortisation rates of patents are ranging from 5% to 10% per annum. Mining rights are amortised over its concession period from 2 to 30 years.

The management of the Company reviewed the carrying amount of intangible assets. No impairment loss was recognised for the years ended 31 December 2015 and 31 December 2014 in the consolidated statement of profit or loss.

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2015 and 31 December 2014, which are established and operated in the PRC, are as follows:

Name of subsidiary	Nominal value of paid-in capital	Attributable equity interest to the Company Direct 2015 %	Direct 2014 %	Indirect 2015 %	Indirect 2014 %	Principal activities
BNBM (Note i, ii, iii)	RMB706,990,796	**45.20**	45.20	**–**	–	Production and sale of lightweight building materials
Taishan Gypsum Company Limited ("Taishan Gypsum") (Note (iv))	RMB155,625,000	**–**	–	**29.38**	29.38	Production and sale of lightweight building materials
BNBM Suzhou Mineral Fiber Ceiling Company Limited (Note (iv))	RMB80,000,000	**–**	–	**45.20**	45.20	Production and sale of lightweight building materials
China United Cement Group Corporation Limited ("China United")	RMB4,000,000,000	**100.00**	100.00	**–**	–	Production and sale of cement
Lunan China United Cement Company Limited	RMB200,000,000	**–**	–	**80.34**	80.34	Production and sale of cement
Huaihai China United Cement Company Limited	RMB364,909,100	**–**	–	**80.88**	80.88	Production and sale of cement
Qingzhou China United Cement Company Limited	RMB200,000,000	**–**	–	**100.00**	100.00	Production and sale of cement
Taishan China United Cement Company Limited	RMB270,000,000	**–**	–	**95.68**	95.68	Production and sale of cement
Qufu China United Cement Company Limited	RMB130,000,000	**–**	–	**90.00**	90.00	Production and sale of cement

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Nominal value of paid-in capital	Attributable equity interest to the Company — Direct 2015 %	Direct 2014 %	Indirect 2015 %	Indirect 2014 %	Principal activities
Linyi China United Cement Company Limited	RMB165,200,000	**–**	–	**100.00**	100.00	Production and sale of cement
Zaozhuang China United Cement Company Limited	RMB175,000,000	**–**	–	**100.00**	100.00	Production and sale of cement
Xuzhou China United Cement Company Limited	RMB346,940,000	**–**	–	**100.00**	100.00	Production and sale of cement
South Cement Company Limited ("South Cement")	RMB1,000,000,000	**80.00**	80.00	**–**	–	Production and sale of cement
Zhe Jiang South Cement Company Limited	RMB1,000,000,000	**–**	–	**80.00**	80.00	Production and sale of cement
Shanghai South Cement Company Limited	RMB300,000,000	**–**	–	**80.00**	80.00	Production and sale of cement
Hunan South Cement Company Limited	RMB3,000,000,000	**–**	–	**80.00**	80.00	Production and sale of cement
Jiangxi South Cement Company Limited	RMB3,000,000,000	**–**	–	**80.00**	80.00	Production and sale of cement
Guangxi South Cement Company Limited	RMB1,000,000,000	**–**	–	**80.00**	80.00	Production and sale of cement
North Cement Company Limited ("North Cement")	RMB4,000,000,000	**70.00**	70.00	**–**	–	Production and sale of cement
Heilongjiang Binzhou Cement Company Limited ("Binzhou Cement")	RMB50,000,000	**–**	–	**70.00**	70.00	Production and sale of cement
South West Cement Company Limited ("Southwest Cement")	RMB10,000,000,000	**70.00**	70.00	**–**	–	Production and sale of cement
Chongqing Southwest Cement Company Limited (Note (iv))	RMB2,000,000,000	**–**	–	**70.00**	70.00	Production and sale of cement
China Composites Group Corporation Limited ("China Composites")	RMB350,000,000	**100.00**	100.00	**–**	–	Production and sale of composite materials
Lianyungang Zhongfu Lianzhong Composite Material Group Company Limited	RMB261,307,535	**–**	–	**62.96**	62.96	Production and sale of composite materials
Changzhou China Composites Liberty Company Limited	RMB180,000,000	**–**	–	**75.00**	75.00	Production and sale of PVC tiles

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Nominal value of paid-in capital	Attributable equity interest to the Company Direct 2015 %	Direct 2014 %	Indirect 2015 %	Indirect 2014 %	Principal activities
China Triumph International Engineering Company Limited ("China Triumph") (Note (v))	RMB220,000,000	**93.09**	91.00	**–**	–	Provision of engineering services
CTIEC Shenzhen Triumph Scienotech Engineering Company Limited (Note (vi))	RMB5,000,000	**–**	–	**67.96**	66.43	Provision of engineering services
CTIEC Nanjing Triumph International Engineering Company Limited (Note (iv, vi)	RMB100,000,000	**–**	–	**47.48**	46.55	Provision of engineering services
CTIEC BengBu Triumph Scienotech Engineering Company Limited (Note (vi))	RMB30,000,000	**–**	–	**93.09**	91.00	Provision of engineering services
CNBM Investment Company Limited	RMB500,000,000	**100.00**	100.00	**–**	–	Sale of lightweight building materials

Notes:

(i) The paid-in capital of BNBM represents the issued ordinary listed share capital and paid-in capital of the rest of the companies represents registered capital.

(ii) BNBM is a joint stock company listed on the Shenzhen Stock Exchange.

(iii) On 30 September 2014, BNBM offered private placements on listed shares with sales restriction and raised of RMB2,120 million as registered share capital and RMB1,962 million as share premium. After that, the Group's effective equity interests in BNBM were diluted from 52.40% to 45.20%. BNBM is controlled by the Group by virtue of the dominant voting interest in BNBM, dispersion of holding of other vote holders, participation rate of shareholders and previous shareholders' meetings.

(iv) The entity is considered to be controlled by the Company because it is a subsidiary of another Company's subsidiary.

(v) During the year, the Company injected additional capital of RMB254.8 million into China Triumph. After that, the Company's effective equity interest in China Triumph increased to 93.09% For details. please refer to note 39(a).

(vi) The increase in indirect equity interest attributable to the Company was merely due to the capital injection in China Triumph as mentioned in note (v) above.

(vii) The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Summarised financial information in respect of each of the Group's sub-group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

(i) South Cement and its subsidiaries

	2015	2014
	RMB'000	*RMB'000*
Current assets	**28,991,111**	31,030,208
Non-current assets	**62,683,656**	62,766,771
Current liabilities	**(56,388,279)**	(58,623,020)
Non-current liabilities	**(14,341,473)**	(13,941,439)
Non-controlling interests	**(5,061,850)**	(5,111,160)
Equity attributable to owners of the Company	**15,883,165**	16,121,360
Revenue	**35,138,351**	44,662,362
Expenses	**(34,724,705)**	(42,113,016)
Profit for the year	**413,646**	2,549,346
Profit attributable to owners of the Company	**248,500**	1,859,527
Profit attributable to the non-controlling interests	**165,146**	689,819
Profit for the year	**413,646**	2,549,346
Other comprehensive income attributable to owners of the Company	**18,061**	74,024
Other comprehensive income attributable to the non-controlling interests	**–**	–
Other comprehensive income for the year	**18,061**	74,024
Total comprehensive income for the year	**431,707**	2,623,370

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Summarised financial information in respect of each of the Group's sub-group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations. *(continued)*

(i) South Cement and its subsidiaries *(continued)*

	2015	2014
	RMB'000	*RMB'000*
Total comprehensive income attributable to owners of the Company	**266,561**	1,933,551
Total comprehensive income attributable to the non-controlling interests	**165,146**	689,819
Total comprehensive income for the year	**431,707**	2,623,370
Dividends paid to non-controlling interests	**217,880**	164,268
Net cash inflow from operating activities	**2,830,522**	6,238,439
Net cash outflow from investing activities	**(1,279,479)**	(870,545)
Net cash outflow from financing activities	**(1,691,379)**	(5,707,669)
Net cash outflow	**(140,336)**	(339,775)

(ii) Southwest Cement and its subsidiaries

	2015	2014
	RMB'000	*RMB'000*
Current assets	**15,577,382**	15,108,329
Non-current assets	**56,098,807**	56,191,033
Current liabilities	**(47,114,138)**	(43,083,736)
Non-current liabilities	**(11,600,322)**	(15,210,183)
Non-controlling interests	**(4,147,939)**	(4,194,927)
Equity attributable to owners of the Company	**8,813,790**	8,810,516
Revenue	**19,225,140**	21,365,542
Expenses	**(18,667,704)**	(19,582,571)
Profit for the year	**557,436**	1,782,971

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Summarised financial information in respect of each of the Group's sub-group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations. *(continued)*

(ii) Southwest Cement and its subsidiaries *(continued)*

	2015	2014
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**381,119**	1,236,934
Profit attributable to the non-controlling interests	**176,317**	546,037
Profit for the year	**557,436**	1,782,971
Other comprehensive income attributable to owners of the Company	**–**	–
Other comprehensive income attributable to the non-controlling interests	**–**	–
Other comprehensive income for the year	**–**	–
Total comprehensive income attributable to owners of the Company	**381,119**	1,236,934
Total comprehensive income attributable to the non-controlling interests	**176,317**	546,037
Total comprehensive income for the year	**557,436**	1,782,971
Dividends paid to non-controlling interests	**210,939**	143,561
Net cash inflow from operating activities	**962,976**	5,081,710
Net cash outflow from investing activities	**(1,439,835)**	(4,883,442)
Net cash inflow/(outflow) from financing activities	**789,597**	(115,819)
Net cash inflow	**312,738**	82,449

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Summarised financial information in respect of each of the Group's sub-group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations. *(continued)*

(iii) BNBM and its subsidiaries

	2015 **RMB'000**	2014 RMB'000
Current assets	**4,279,823**	5,029,217
Non-current assets	**9,324,546**	8,343,346
Current liabilities	**(3,250,764)**	(4,305,302)
Non-current liabilities	**(1,092,181)**	(542,110)
Non-controlling interests	**(5,735,349)**	(5,267,028)
Equity attributable to owners of the Company	**3,526,075**	3,258,123
Revenue	**7,551,179**	8,295,032
Expenses	**(6,335,398)**	(6,825,906)
Profit for the year	**1,215,781**	1,469,126
Profit attributable to owners of the Company	**405,388**	550,987
Profit attributable to the non-controlling interests	**810,393**	918,139
Profit for the year	**1,215,781**	1,469,126
Other comprehensive income attributable to owners of the Company	**–**	–
Other comprehensive income attributable to the non-controlling interests	**–**	–
Other comprehensive income for the year	**–**	–
Total comprehensive income attributable to owners of the Company	**405,388**	550,987
Total comprehensive income attributable to the non-controlling interests	**810,393**	918,139
Total comprehensive income for the year	**1,215,781**	1,469,126
Dividends paid to non-controlling interests	**349,962**	302,981

20 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Summarised financial information in respect of each of the Group's sub-group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations. *(continued)*

(iii) BNBM and its subsidiaries *(continued)*

	2015	2014
	RMB'000	*RMB'000*
Net cash inflow from operating activities	**1,909,120**	1,568,739
Net cash outflow from investing activities	**(1,396,294)**	(2,371,515)
Net cash (outflow)/inflow from financing activities	**(1,253,505)**	1,205,484
Net cash (outflow)/inflow	**(740,679)**	402,708

21 INTERESTS IN ASSOCIATES

	2015	2014
	RMB'000	*RMB'000*
Cost of investments in associates		
– listed in the PRC	**1,829,881**	1,761,562
– listed in Hong Kong	**–**	1,240,038
– unlisted	**4,390,032**	3,968,046
Share of post-acquisition profit, net of dividend received	**4,144,635**	3,062,902
	10,364,548	10,032,548
Fair value of listed investments	**7,605,620**	8,850,882
Share of profits of associates	**331,229**	985,426

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

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

Set out below are the associates of the Group as at 31 December 2015, which in the opinion of the directors are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group:

Name of associate	Nominal value of registered capital	Attributable direct equity interest to the Group 2015 %	2014 %	Principal activities
China Jushi Co., Ltd ("China Jushi") (Note i)	RMB872,629,500	**26.97**	33.82	Production of glass fiber
Shangdong Quan Xing China United Cement Company Limited ("Shangdong Quan Xing")	RMB2,000,000,000	**49.00**	49.00	Sales and production of cement
Nanfang Wannianqing Cement Company Limited ("Nanfang Wannianqing") (Note ii)	RMB1,000,000,000	**50.00**	50.00	Production of cement
Shanghai Yaohua Pikington Glass Group Co. Ltd ("Shanghai Yaohua") (Note iii)	RMB260,477,100	**12.74**	12.72	Production of glass fiber

Notes:

(i) China Jushi is a joint stock company listed on the Shanghai Stock Exchange.

(ii) Nanfang Wanniangqing was considered as an associate of the Group because South Cement can only nominate 2 out of 5 directors of the Board of Directors. Therefore, the Group only have significant influence but not control in Nanfang Wannianqing.

(iii) Shanghai Yaohua was considered as an associated of the Group because China Composite has virtue of the contractual right to appoint 1 out of the 4 directors to the board of directors of the that Company.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

(a) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

China Jushi

	2015	2014
	RMB'000	*RMB'000*
Current assets	**9,887,569**	5,674,674
Non-current assets	**14,196,059**	13,496,803
Current liabilities	**(8,810,061)**	(10,118,385)
Non-current liabilities	**(5,480,111)**	(4,971,788)
Non-controlling interests	**(4,152)**	(73,546)
Revenue	**7,054,787**	6,268,154
Profit for the year	**986,532**	460,808
Other comprehensive income/(expenses) for the year	**26,174**	(11,926)
Total comprehensive income for the year	**1,012,706**	448,882
Dividends received from the associate during the year	**48,689**	32,334

Reconciliation of the above summarised financial information to the carrying amount of the interest in China Jushi recognised in the consolidated financial statements:

	2015	2014
	RMB'000	*RMB'000*
Net assets of the associates	**9,789,304**	4,007,758
Proportion of the Group's ownership interest in China Jushi	**26.97%**	33.82%
Group's share of net assets of the associate	**2,640,175**	1,355,424
Goodwill	**18,693**	18,693
Carrying amount of the Group's interest in China Jushi	**2,658,868**	1,374,117

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Shangdong Quan Xing

	2015	2014
	RMB'000	*RMB'000*
Current assets	**1,557,467**	1,605,476
Non-current assets	**3,867,850**	3,843,167
Current liabilities	**(1,489,910)**	(1,612,244)
Non-current liabilities	**(1,651,820)**	(1,449,332)
Non-controlling interest	**–**	(257,196)
Revenue	**1,178,021**	1,847,177
Profit for the year	**110,644**	264,324
Total comprehensive income for the year	**110,644**	264,324
Dividends received from the associate during the year	**42,271**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shangdong Quan Xing recognised in the consolidated financial statements:

	2015	2014
	RMB'000	*RMB'000*
Net assets of the associate	**2,283,587**	2,129,871
Proportion of the Group's ownership interest in Shangdong Quan Xing	**49%**	49%
Carrying amount of the Group's interest in Shangdong Quan Xing	**1,118,958**	1,043,637

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

(c) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Nanfang Wannianqing

	2015 *RMB'000*	2014 *RMB'000*
Current assets	**1,550,736**	1,608,951
Non-current assets	**3,201,155**	3,366,092
Current liabilities	**(1,770,309)**	(1,659,797)
Non-current liabilities	**(549,632)**	(361,302)
Non-controlling interests	**–**	(569,403)
Revenue	**3,277,982**	4,032,127
Profit for the year	**184,537**	650,372
Total comprehensive income for the year	**184,537**	650,372
Dividends received from the associate during the year	**300,000**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nanfang Wannianqing recognised in the consolidated financial statements:

	2015 *RMB'000*	2014 *RMB'000*
Net assets of the associates	**2,431,950**	2,384,541
Proportion of the Group's ownership interest in Nanfang Wannianqing	**50%**	50%
Carrying amount of the Group's interest in Nanfang Wannianqing	**1,215,975**	1,192,271

21 INTERESTS IN ASSOCIATES *(CONTINUED)*

(d) Aggregate information of associates that are not individually material

	2015	2014
	RMB'000	*RMB'000*
The Group's share of (loss)/profit from continuing operations	**(81,323)**	374,876
The Group's share of other comprehensive income/ (expenses)	**11,957**	(78,101)
The Group's share of total comprehensive (expenses)/income	**(69,366)**	296,775
Aggregate carrying amount of the Group's interests in these associates	**5,370,747**	6,422,523

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 **RMB'000**	2014 RMB'000
Available-for-sale financial assets		
Unlisted equity shares, at cost (Note i)	**896,963**	294,907
Listed equity shares listed in Hong Kong (Note ii)	**1,898,232**	733,255
Listed equity shares listed outside Hong Kong	**668,448**	273,527
	3,463,643	1,301,689

	2015 **RMB'000**	2014 RMB'000
The carrying amount of available-for-sale financial assets are analysed as follows:		
Non-current portion	**3,331,163**	1,301,689
Current portion	**132,480**	–
	3,463,643	1,301,689

Note i: The available-for-sale financial assets are accounted for at cost less accumulated impairment losses as the range of reasonable fair value estimated is so significant that the management of the opinion that their fair values cannot be reliably measured.

Note ii: Included in the amount, RMB1,061 million represents shares in China Shanshui Cement Group Limited ("Shanshui Cement"). Shanshui Cement was previously an associate of the Group. At 1 December 2015. the directors appointed by the Group in the Board of director of Shanshui Cement have been removed, and therefore the Group has lost the power to participate in the financial and operating policy decisions of Shanshui Cement, and reclassified as available-for-sale financial assets.

At the date when Shanshui Cement ceased to be an associate, the fair value of the retained interest shall be regarded as its fair value on initial recognition as available-for-sale financial assets.

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RMB'000	2014 RMB'000
Held-for-trading investments at market value:		
– Quoted investment funds listed outside Hong Kong	**247**	499
– Quoted listed equity shares listed outside Hong Kong	**1,773,336**	799,880
	1,773,583	800,379
Unlisted investments (Note)	**1,310,760**	1,178,325
	3,084,343	1,978,704

Note: During the year ended 31 December 2015, the Group entered into certain investments with certain financial institutions. The investments based on respective contracts have maturity dates within 3 months.

24 DEPOSITS

	2015 RMB'000	2014 RMB'000
Investment deposits for acquisition of subsidiaries	**826,577**	1,000,280
Deposits paid to acquire property, plant and equipment	**2,664,394**	3,394,155
Deposits paid to acquire intangible assets	**272,500**	1,534,593
Deposits paid in respect of prepaid lease payments	**449,707**	655,961
	4,213,178	6,584,989

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

25 INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	**8,030,955**	10,049,568
Work-in-progress	**2,842,248**	2,593,115
Finished goods	**3,912,432**	3,647,646
Consumables	**378,888**	373,108
	15,164,523	16,663,437

26 TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables, net of allowance for bad and doubtful debts (Note (b))	**29,718,076**	27,306,027
Bills receivables (Note (c))	**5,680,291**	7,718,472
Amounts due from customers for contract work (Note 28)	**4,836,005**	3,401,529
Prepaid lease payments (Note 16)	**363,736**	348,244
Other receivables, deposits and prepayments	**29,095,300**	22,198,207
	69,693,408	60,972,479

26 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes:

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

(b) The Group normally allowed an average of credit period of 60–180 days to its trade customers.

Ageing analysis of trade receivables is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within two months	**7,864,894**	8,752,842
More than two months but within one year	**14,958,975**	14,209,370
Between one and two years	**5,469,809**	3,475,323
Between two and three years	**1,092,681**	550,969
Over three years	**331,717**	317,523
	29,718,076	27,306,027

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

(d) Included in the trade receivables are debtors with a carrying amount of approximately RMB5,006.69 million (2014: approximately RMB5,697.22 million) which are over the credit period at the reporting date for which the Group has not provided allowance for bad and doubtful debts in accordance with the Group's policy and no further impairment loss was made. According to specific analysis, the Group believes the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at 31 December 2015, the retention receivables of approximately RMB234.60 million (2014: approximately RMB105.53 million) and receivables within contractual payment term of approximately RMB19.09 million (2014: approximately RMB301.50 million) with ageing over one year are not past due.

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

	2015	2014
	RMB'000	*RMB'000*
More than two months but within one year	**3,657,458**	2,045,806
Between one and two years	**760,793**	2,929,310
Between two and three years	**240,356**	430,305
Over three years	**348,084**	291,801
	5,006,691	5,697,222

26 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes: *(continued)*

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

	2015	2014
	RMB'000	*RMB'000*
As at 1 January	**2,485,546**	1,828,664
Additions from acquisition of subsidiaries	**3,334**	146,228
Disposal of subsidiaries	**(36,869)**	–
Allowances for bad and doubtful debts	**548,980**	510,654
As at 31 December	**3,000,991**	2,485,546

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

	2015	2014
	RMB'000	*RMB'000*
RMB	**68,876,405**	64,378,177
EUR	**254,196**	512,053
PGK	**7,024**	30,583
USD	**306,915**	688,092
KZT	**–**	12,436
AUD	**–**	10,878
GBP	**–**	276,518
Others	**248,868**	165,169
	69,693,408	66,073,906

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

(g) As at 31 December 2015, approximately RMB328.31 million (2014: approximately RMB1,333.96 million) of the trade receivables and approximately RMB44.99 million (2014: approximately RMB149.34 million) of bills receivable have pledged to secure bank loans granted to the Group.

27 AMOUNTS DUE FROM/(TO) RELATED PARTIES

	2015 *RMB'000*	2014 *RMB'000*
Amounts due from related parties		
Trading in nature:		
Fellow subsidiaries	**3,001,821**	2,792,535
Associates	**646,565**	622,336
Non-controlling interests of subsidiaries	**573,915**	555,015
	4,222,301	3,969,886
Non-trading in nature:		
Fellow subsidiaries	**2,283,511**	1,557,711
Associates	**5,238,277**	4,878,261
Immediate holding company	**78,417**	46
Non-controlling interests of subsidiaries	**829,787**	684,523
	8,429,992	7,120,541
	12,652,293	11,090,427
Amounts due to related parties		
Trading in nature:		
Fellow subsidiaries	**1,100,372**	442,306
Associates	**235,685**	205,205
Immediate holding company	**3,230**	3,233
Non-controlling interests of subsidiaries	**521,411**	590,421
	1,860,698	1,241,165
Non-trading in nature:		
Fellow subsidiaries	**131,448**	86,877
Associates	**23,666**	15,065
Immediate holding company	**5,115,751**	213
Non-controlling interests of subsidiaries	**211,377**	370,511
	5,482,242	472,666
	7,342,940	1,713,831

27 AMOUNTS DUE FROM/(TO) RELATED PARTIES *(CONTINUED)*

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 31 December 2015, amounts due from related parties of approximately RMB6,135.16 million (2014: approximately RMB6,402.89 million) carry the variable interest rate of 4.35% (2014: 6.00%) per annum. The remaining balances of amounts due from related parties are interest- free.

As at 31 December 2015, amounts due to related parties of approximately RMB5,597.07 million (2014: approximately RMB652.83 million) carry the fixed interest rate of 5.64% (2014: 6.00%) per annum. The remaining balances of amounts due to related parties are interest-free.

28 AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2015 ***RMB'000***	2014 *RMB'000*
Contracts in progress at reporting date analysed for reporting purposes as:		
Contract costs incurred plus recognised profits less recognised losses to date	**18,781,988**	15,443,916
Less: progress billings	**(14,437,401)**	(12,390,251)
	4,344,587	3,053,665
Amounts due from contract customers included in trade and other receivables (Note 26)	**4,836,005**	3,401,529
Amounts due to contract customers included in trade and other payables (Note 30)	**(491,418)**	(347,864)
	4,344,587	3,053,665

As at 31 December 2015, advances received from customers for contract work amounted to approximately RMB491.42 million (2014: approximately RMB347.86 million) are included in trade and other payables. The retention receivables included in trade and other receivables, net of allowance for bad and doubtful debts, as set out in Note 26, amounted to approximately RMB234.60 million (2014: approximately RMB2,503.70 million).

29 CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS

Cash and cash equivalents/pledged bank deposits denominated in non-functional currencies of the relevant Group entities are as follows:

	2015	2014
	RMB'000	*RMB'000*
USD	**276,104**	329,128
EUR	**169,658**	52,456
JPY	**14,704**	3,182
PGK	**33,149**	145,122
SAR	**8,154**	8,150
HKD	**316,891**	9,122
VND	**5,730**	1,673
KZT	**–**	1,151
AUD	**5,138**	10,920
Others	**43,720**	11,387
	873,248	572,291

As at 31 December 2015, the Group pledged approximately RMB5,746.30 million (2014: approximately RMB5,704.07 million), which is denominated in RMB, 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.

Bank balances and pledged bank deposits carry interest at market rates which range from 0.15% to 3.20% (2014: range from 0.35% to 2.85%) per annum.

30 TRADE AND OTHER PAYABLES

Ageing analysis of trade and other payables is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Within two months	**7,640,216**	7,046,574
More than two months but within one year	**7,764,557**	7,893,131
Between one and two years	**2,309,741**	2,540,645
Between two and three years	**497,350**	759,596
Over three years	**694,812**	436,910
Trade payables	**18,906,676**	18,676,856
Bills payables	**10,300,827**	11,782,823
Amounts due to customers for contract work (Note 28)	**491,418**	347,864
Other payables	**16,592,934**	20,464,238
	46,291,855	51,271,781

The carrying amount of trade and other payables approximate to their fair values. Bills payables are aged within six months.

31 BORROWINGS

	2015 *RMB'000*	2014 *RMB'000*
Bank borrowings		
Secured	**2,241,098**	3,988,855
Unsecured	**96,692,673**	114,634,893
	98,933,771	118,623,748
Bonds (Note)	**74,900,000**	58,400,000
Borrowings from other financial institutions	**1,093,000**	–
	174,926,771	177,023,748
Analysed for reporting purposes:		
Non-current	**30,501,188**	37,731,114
Current	**144,425,583**	139,292,634
	174,926,771	177,023,748

31 BORROWINGS *(CONTINUED)*

Note:

As at 31 December 2015, the following bonds/debentures are still outstanding:

Issuer	Name	Issue Amount *RMB'000*	Issue Date	Period	Coupon rate *(%)*
CNBM	2007 CNBM Domestic Corporate Bonds	1,000,000	09-Apr-07	10 years	4.32%
CNBM	2012 CNBM 2nd tranche Medium-term debentures	4,000,000	15-Aug-12	5 years	4.59%
CNBM	2014 CNBM 2nd tranche Medium-term debentures	3,000,000	07-Nov-14	3 years	5.00%
CNBM	2015 CNBM 2nd tranche Medium-term debentures	3,000,000	06-Nov-15	3 years	3.80%
CNBM	2015 8th tranche Super Short-term Commercial Paper	5,000,000	03-Aug-15	270 days	3.20%
CNBM	2015 9th tranche Super Short-term Commercial Paper	4,000,000	10-Aug-15	270 days	3.05%
CNBM	2015 10th tranche Super Short-term Commercial Paper	5,000,000	16-Sep-15	270 days	3.35%
CNBM	2015 11th tranche Super Short-term Commercial Paper	3,500,000	15-Oct-15	270 days	3.28%
CNBM	2015 12th tranche Super Short-term Commercial Paper	2,000,000	17-Nov-15	80 days	2.90%
CNBM	2015 13th tranche Super Short-term Commercial Paper	3,000,000	03-Dec-15	270 days	3.20%
CNBM	2015 14th tranche Super Short-term Commercial Paper	3,000,000	09-Dec-15	270 days	3.18%
BNBM	2015 1st Private Placement Note	100,000	22-Jan-15	3 years	6.90%
BNBM	2015 2nd Private Placement Note	400,000	27-Mar-15	3 years	6.90%
BNBM	2015 1st tranche Short-term Commercial Paper	100,000	29-Apr-15	1 year	4.70%
China Composite	2015 1st tranche Short-term Commercial Paper	500,000	06-Nov-15	1 year	3.48%
China United	2015 1st tranche Short-term Commercial Paper	1,600,000	26-Jan-15	1 year	4.95%
China United	2015 2nd tranche Short-term Commercial Paper	1,600,000	09-Dec-15	1 year	3.98%
China United	2015 3rd tranche Super Short-term Commercial Paper	1,500,000	23-Jul-15	270 days	3.82%
China United	2015 4th tranche Super Short-term Commercial Paper	2,000,000	13-Oct-15	270 days	3.70%
China United	2015 5th tranche Super Short-term Commercial Paper	1,500,000	22-Oct-15	270 days	3.80%
China United	2015 6th tranche Super Short-term Commercial Paper	3,500,000	25-Nov-15	90 days	3.80%
China United	2015 Private Placement note 001	1,000,000	17-Apr-15	3 years	6.30%
China United	2015 Private Placement note 002	1,000,000	19-May-15	1 year	5.45%
China Triumph	2015 1st tranche Short-term Commercial Paper	600,000	14-Aug-15	1 year	3.96%
China Triumph	2015 2nd tranche Short-term Commercial Paper	900,000	14-Sep-15	1 year	3.86%

31 BORROWINGS *(CONTINUED)*

Note: *(Continued)*

Issuer	Name	Issue Amount *RMB'000*	Issue Date	Period	Coupon rate *(%)*
China Triumph	2015 1st tranche Super Short-term Commercial Paper	1,000,000	07-Dec-15	270 days	3.94%
South Cement	2013 Private Placement note 001	100,000	06-Nov-13	3 years	6.15%
South Cement	2014 Private Placement note 001	1,200,000	10-Sep-14	2 years	5.80%
South Cement	2015 1st tranche Short-term Commercial Paper	1,500,000	17-Jul-15	1 year	3.59%
South Cement	2015 5th tranche Super Short-term Commercial Paper	2,000,000	16-Jun-15	270 days	4.10%
South Cement	2015 6th tranche Super Short-term Commercial Paper	2,000,000	28-Jul-15	270 days	3.48%
South Cement	2015 7th tranche Super Short-term Commercial Paper	2,200,000	16-Sep-15	270 days	3.58%
South Cement	2015 8th tranche Super Short-term Commercial Paper	1,800,000	27-Nov-15	120 days	3.75%
South Cement	2015 1st tranche Medium-term Debentures	2,000,000	23-Oct-15	3 years	3.97%
Southwest Cement	2015 1st tranche Short-term Commercial Paper	800,000	21-Jan-15	1 year	5.09%
Southwest Cement	2015 1st tranche Super Short-term Commercial Paper	2,000,000	01-Jun-15	270 days	4.50%
Southwest Cement	2015 2nd tranche Super Short-term Commercial Paper	2,000,000	13-Oct-15	270 days	3.77%
North Cement	2015 1st tranche Short-term Commercial Paper	1,000,000	17-Aug-15	1 year	3.88%
North Cement	2015 1st tranche Super Short-term Commercial Paper	1,000,000	19-May-15	270 days	4.50%
North Cement	2015 2nd tranche Super Short-term Commercial Paper	1,000,000	03-Jun-15	270 days	4.60%
North Cement	2015 4th tranche Super Short-term Commercial Paper	500,000	23-Sep-15	270 days	4.00%
Total		74,900,000			

31 BORROWINGS (CONTINUED)

The exposure of the fixed rate and variable rate bank borrowings and the contractual maturity dates are as follows:

	2015 RMB'000	2014 RMB'000
Fixed rate bank borrowings repayable:		
Within one year	**36,448,170**	51,989,895
Between one and two years	**2,466,419**	7,706,566
Between two and three years	**901,042**	2,078,582
Between three and four years	**242,169**	568,947
Between four and five years	**82,120**	602,927
More than five years	**84,758**	557,484
	40,224,678	63,504,401
Variable rate bank borrowings repayable:		
Within one year	**46,416,463**	38,043,917
Between one and two years	**5,431,681**	7,503,801
Between two and three years	**4,378,253**	4,640,810
Between three and four years	**204,993**	2,646,340
Between four and five years	**1,202,888**	1,201,655
More than five years	**1,074,815**	1,082,824
	58,709,093	55,119,347

	2015	2014
Effective interest rate per annum:		
Fixed rate borrowings	**1.40% to 7.8%**	2.75% to 7.8%
Variable rate borrowings	**1.47% to 5.88%**	2% to 6.04%

31 BORROWINGS *(CONTINUED)*

The carrying amount of borrowings approximate to their fair value.

As at 31 December 2015, bank borrowings of approximately RMB390.00 million (2014: approximately RMB482.15 million) were guaranteed by independent third parties.

The borrowings denominated in AUD, EUR, USD and HKD of approximately RMBnil million, RMB56.28 million, RMB1,354.04 million and RMB1,508.04 million respectively (2014: approximately RMB14.36 million, RMB415.12 million, RMB10.77 million and RMB192.75 million respectively), the remaining balance was denominated in RMB.

The bank borrowings of approximately RMB2,241.10 million (2014: approximately RMB3,988.86 million) are secured by the following assets of the Group:

	2015	2014
	RMB'000	*RMB'000*
Property, plant and equipment (Note 15)	**8,133,581**	10,881,614
Prepaid lease payments (Note 16)	**191,723**	531,758
Investment properties (Note 17)	**–**	198,482
Cash and cash equivalents (Note 29)	**5,746,301**	5,704,068
Trade receivables (Note 26)	**328,313**	1,333,957
Bills receivable (Note 26)	**44,987**	149,342
	14,444,905	18,799,221

32 DEFERRED INCOME TAX

The following are the major deferred income tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Fair value adjustments on available-for-sale investment	Fair value adjustments on properties	Fair value adjustments on intangible assets	Fair value adjustments on prepaid lease payments	Write down of inventories and trade and other receivables	Impairment for properties	Tax losses	Financial guarantee contracts	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2014	(118,219)	(826,385)	(1,151,763)	(353,301)	313,293	931,895	1,306,676	16,203	234,625	353,024
Arising from acquisition of subsidiaries (Note 38(a))	–	(14,289)	(12,153)	–	5,591	10,623	–	–	7,856	(2,372)
Arising from disposal of subsidiaries (Note 38(b))	–	755	540	–	–	–	–	–	–	1,295
Credit/(charge) to the consolidated statement of profit or loss (Note 12(a))	(7,637)	103,631	31,220	–	71,275	(85,143)	415,800	(116)	120,911	649,941
Credit to the consolidated other comprehensive income (Note 12(b))	21,730	–	–	–	–	–	–	–	–	21,730
As at 31 December 2014 and 1 January 2015	**(104,126)**	**(736,288)**	**(1,132,156)**	**(353,301)**	**390,159**	**857,375**	**1,722,476**	**16,087**	**363,392**	**1,023,618**
Arising from acquisition of subsidiaries (Note 38(a))	**(3,027)**	**(8,273)**	**(1,590)**	**-**	**38,628**	**83**	**-**	**-**	**(36,050)**	**(10,229)**
Arising from disposal of subsidiaries (Note 38(b))	**-**	**-**	**-**	**-**	**(1,964)**	**-**	**-**	**-**	**-**	**(1,964)**
Credit/(charge) to the consolidated statement of profit or loss (Note 12(a))	**28,005**	**61,547**	**38,452**	**-**	**56,395**	**(39,403)**	**720,028**	**-**	**(14,584)**	**850,440**
Credit to the consolidated other comprehensive income (Note 12(b))	**29,587**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29,587**
As at 31 December 2015	**(49,561)**	**(683,014)**	**(1,095,294)**	**(353,301)**	**483,218**	**818,055**	**2,442,504**	**16,087**	**312,758**	**1,891,452**

32 DEFERRED INCOME TAX *(CONTINUED)*

	2015	2014
	RMB'000	*RMB'000*
For presentation purpose:		
Deferred income tax assets	**4,015,509**	3,251,399
Deferred income tax liabilities	**(2,124,057)**	(2,227,781)
	1,891,452	1,023,618

The Group has unused tax losses were not recognised as deferred income tax assets due to the unpredictability of future profits streams. The unused tax losses can be carried forward for five years from the year of the incurrence and an analysis of their expiry dates are as follows:

	2015	2014
	RMB'000	*RMB'000*
Unused tax losses expiring in:		
2015	**–**	870,177
2016	**501,380**	735,499
2017	**2,079,282**	2,982,342
2018	**2,631,921**	3,260,521
2019	**2,979,784**	5,458,286
2020	**4,646,818**	–
	12,839,185	13,306,825

33 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2015, certain fixtures and equipment are under finance leases. The average lease term is 2 to 5 years (2014: 2 to 6 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates at range of 4% to 7.57% (2014: 5.16% to 7.68%). These leases have no terms of renewal or purchase options and escalation clauses. No arrangements have been entered into for contingent rental payment.

	Minimum lease payments		**Present value of minimum lease payments**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amounts payable under finance leases:				
Within one year	**4,865,900**	4,620,063	**4,456,608**	4,490,609
In more than one year but not more than two years	**4,255,417**	2,571,038	**3,946,763**	2,193,819
In more than two years but not more than five years	**15,429,282**	8,527,564	**14,203,567**	6,948,744
	24,550,599	15,718,665	**22,606,938**	13,633,172
Less: future finance charge	**(1,943,661)**	(2,085,493)	**N/A**	N/A
Present value of lease obligations	**22,606,938**	13,633,172	**22,606,938**	13,633,172
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(4,456,608)**	(4,490,609)
			18,150,330	9,142,563

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

34 FINANCIAL GUARANTEE CONTRACTS

	2015	2014
	RMB'000	*RMB'000*
As at 1 January	**56,981**	57,444
Financial guarantee recognised	**–**	(463)
As at 31 December	**56,981**	56,981

Subsidiaries had guaranteed bank borrowings of former related parties which are independent to the Group. The fair value of the guarantees granted amounting to approximately RMB57 million (2014: approximately RMB57 million) is recognised as a liability.

The carrying amount of financial guarantee contracts are analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Non-current portion	**–**	56,981
Current portion	**56,981**	–
	56,981	56,981

35 SHARE CAPITAL

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

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.

36 RESERVES

(a) Statutory surplus reserve fund

According to relevant laws and regulations of the PRC, the Company and its subsidiaries established in the PRC are required to make an appropriation at the rate of 10 percent of the profit after income tax of the respective company, prepared in accordance with PRC accounting standards, to the statutory surplus reserve fund until the balance has reached 50 percent of the registered capital of the respective company. Upon approved from the authorities, the statutory surplus reserve fund can be used to offset accumulated losses or to increase share capital, when it is utilised to increase share capital, the remaining balance of the statutory surplus reserve cannot fall below 25 percent of the share capital.

(b) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period.

37 PERPETUAL CAPITAL INSTRUMENTS

On 6 November 2015 and 3 November 2014, the Group issued the perpetual interest-bearing debentures in an aggregate principal amounts of RMB5,000 million with a coupon rate of 4.63% and 5.70% for the first five interest-bearing years. The net proceeds after deducting the issuance cost amounted to approximately RMB4,954 million and RMB4,955 million, respectively. Unless a mandatory interest payment event has occurred, on each interest payment date of the perpetual interest-bearing debentures, the Group can elect to defer payment of interest due and all interest deferred pursuant to this term and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The aforesaid deferral of interest shall not constitute a default by the Group. Interest shall accrue on the deferred interest at the prevailing coupon rate over the period of deferral. The perpetual interest-bearing debentures have no maturity date and will continue indefinitely until redeemed by the Group in accordance with their terms. The Group is entitled to redeem the perpetual capital instruments at par value plus payable interest (including all deferred interest) on the fifth and each of the subsequent interest payment dates of the perpetual interest-bearing debentures. If the Group does not exercise the right of redemption, the coupon rate will be reset every five years form the sixth interest-bearing year onwards.

Interest payment of RMB285.00 million (2014: RMBnil million) has been paid by the Group to the holders of this perpetual capital instrument for the year ended 31 December 2015.

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries and assets through acquisition of subsidiaries

In the year of 2015, the Group acquired 7 (2014: 18) subsidiaries and acquired certain assets through acquisition of subsidiaries. The acquired subsidiaries and business 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.

Summary of net assets acquired in the transactions during the year, and the goodwill arising, are as follows:

	2015 Fair value *RMB'000*	2014 Fair value *RMB'000*
Net assets acquired:		
Property, plant and equipment (Note 15)	**463,848**	2,296,017
Investment properties (Note 17)	**18,147**	–
Intangible assets (Note 19)	**38,893**	61,767
Interests in associates	**–**	16,518
Prepaid lease payments (Note 16)	**53,244**	378,345
Available-for-sale financial assets	**–**	500
Deferred income tax assets (Note 32)	**38,711**	24,070
Inventories	**921,066**	280,673
Trade and other receivables	**195,515**	1,451,801
Amounts due from the related parties	**5,800**	37,702
Pledged bank deposits	**–**	405,825
Cash and cash equivalents	**39,221**	180,912
Trade and other payables	**(922,865)**	(2,169,392)
Current income tax (liabilities)/assets	**(56,245)**	457
Dividend payable to non-controlling interests	**–**	(46,730)
Amounts due to the related parties	**–**	(32,400)
Borrowings	**(71,000)**	(1,548,989)
Obligations under finance leases	**(6,280)**	(7,573)
Deferred income tax liabilities (Note 32)	**(48,940)**	(26,442)
Net assets	**669,115**	1,303,061
Non-controlling interests	**(101,586)**	(348,790)
Discount on acquisition of interests in subsidiaries (Note 8)	**(34,080)**	(215,743)
Goodwill (Note 18)	**148,108**	558,123
Total consideration	**681,557**	1,296,651

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries and assets through acquisition of subsidiaries *(continued)*

	2015	2014
	Fair value	Fair value
	RMB'000	*RMB'000*
Total consideration satisfied by:		
Cash	**614,857**	573,700
Other payables	**66,700**	722,951
	681,557	1,296,651
Net cash outflow arising on acquisition:		
Cash consideration paid	**(614,857)**	(573,700)
Less: Cash and cash equivalents acquired	**39,221**	180,912
	(575,636)	(392,788)

The goodwill mainly arising on the acquisition of these companies is attributable to the benefit of expected revenue growth and future market development, the PRC and the synergies in consolidating the Group's cement and concrete operations. 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 year are approximately RMB160.11 million and RMB6.72 million respectively attributable to the additional business mainly generated by these newly acquired cement and concrete companies.

Had these business combinations been effected at 1 January 2015, the revenue of the Group would be approximately RMB101,068.55 million and profit for the year of the Group would be approximately RMB2,756.76 million. The management of the Company considers these 'pro-forma' an approximate measure of the performance of the combined group on an annualised basis and reference point for comparison in future periods.

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries and assets through acquisition of subsidiaries *(continued)*

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

(i) Sichuan Nuwa Building Materials Company Limtied ("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 Limited ("四川省女媧建材有限公司") for the consideration of approximately RMB140 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	**221,147**
Intangible assets	**1,953**
Prepaid lease payments	**13,171**
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	**(34,878)**
Goodwill	**10,469**
Total consideration	**140,037**

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries and assets through acquisition of subsidiaries *(continued)*

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

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

	2015 *RMB'000*
Total consideration satisfied by:	
Cash	**140,037**
Net cash outflow arising on acquisition:	
Cash consideration paid	**(140,037)**
Less: Cash and cash equivalents acquired	**64**
	(139,973)

Included in the revenue and profit for the period are approximately RMB68 million and RMB0.04 million respectively attributable to the additional business generated by acquired subsidiary.

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries and assets through acquisition of subsidiaries *(continued)*

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

(ii) Yuping Xinan Cement Company Limited ("玉屏西南水泥有限公司")

On 1 January 2015, the Group acquired 100% of the equity interests of Yuping Xinan Cement Company Limited ("玉屏西南水泥有限公司") for the consideration of approximately RMB45.8 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	**18,792**
Trade and other receivables	**12,971**
Cash and cash equivalents	**2**
Trade and other payables	**(11,921)**
Net assets	**19,844**
Goodwill	**25,908**
Total consideration	**45,752**

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries and assets through acquisition of subsidiaries *(continued)*

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

(ii) Yuping Xinan Cement Company Limited ("玉屏西南水泥有限公司") *(continued)*

	2015 *RMB'000*
Total consideration satisfied by:	
Cash	**10,000**
Other payables	**35,752**
	45,752
Net cash outflow arising on acquisition:	
Cash consideration paid	**(10,000)**
Less: Cash and cash equivalents acquired	**2**
	(9,998)

Included in the revenue and loss for the year are approximately RMBnil million and RMB0.12 million respectively attributable to the additional business generated by acquired subsidiary.

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries and assets through acquisition of subsidiaries *(continued)*

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

(iii) Wilco Limited

On 13 November 2015, the Group acquired 100% of the equity interests of Wilco Limited for the consideration of approximately RMB78.5 million. The acquired subsidiary is principally engaged in the sale of hardware and homewares.

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	**3,165**
Inventories	**32,043**
Trade and other receivables	**4,896**
Cash and cash equivalents	**69**
Trade and other payables	**(4,493)**
Net assets	**35,680**
Goodwill	**42,845**
Total consideration	**78,525**

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Acquisition of subsidiaries and assets through acquisition of subsidiaries *(continued)*

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

(iii) Wilco Limited *(continued)*

	2015 *RMB'000*
Total consideration satisfied by:	
Cash	**78,525**
Net cash outflow arising on acquisition:	
Cash consideration paid	**(78,525)**
Less: Cash and cash equivalents acquired	**69**
	(78,456)

Included in the revenue and profit for the period are approximately RMB14.80 million and RMB0.4 million respectively attributable to the additional business generated by acquired subsidiary.

* English name are for identification purpose only.

38 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal of subsidiaries

During the year ended 31 December, 2015, the Group disposed of its equity interests in certain subsidiaries to third parties. The net assets of these disposed subsidiaries at the date of disposal were as follows:

	2015	2014
	RMB'000	*RMB'000*
Net assets disposed of:		
Property, plant and equipment (Note 15)	**20,267**	723,972
Goodwill (Note 18)	**–**	19,441
Intangible assets (Note 19)	**–**	35,303
Prepaid lease payments (Note 16)	**–**	130,471
Deferred income tax assets (Note 32)	**1,964**	–
Inventories	**48,816**	64,359
Trade and other receivables	**95,973**	109,281
Cash and cash equivalents	**63,212**	69,582
Trade and other payables	**(35,694)**	(177,957)
Current income tax liabilities	**(261)**	(2,139)
Borrowings	**–**	(674,402)
Deferred income tax liabilities (Note 32)	**–**	(1,295)
Non-controlling interests	**1,969**	(117,822)
Net assets disposal of	**196,246**	178,794
Consideration received:		
Cash received	**–**	13,694
Investment in associates retained	**228,954**	180,408
Capital reserves	**(1,624)**	–
Less: nets assets disposed of	**(196,246)**	(178,794)
Gain on disposal of subsidiaries (Note 8)	**31,084**	15,308
Net cash outflow of cash arising from disposal of subsidiaries:		
Cash consideration	**–**	13,694
Cash and cash equivalents in subsidiaries disposed of	**(63,212)**	(69,582)
Net cash outflow from disposal of subsidiaries	**(63,212)**	(55,888)

39 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

For the year ended 31 December 2015, the Group acquired additional issued shares of 6 subsidiaries for a purchase consideration of approximately RMB122.92 million. The carrying amount of the non-controlling interests in those subsidiaries on the date of acquisition was approximately RMB385.48 million. The Group recognised a decrease in non-controlling interests of approximately RMB385.48 million and a decrease in equity attributable to owners of the Group of approximately RMB262.56 million.

	2015 *RMB'000*	2014 *RMB'000*
Carrying amount of non-controlling interests acquired	**385,478**	248,839
Consideration paid to non-controlling interests	**(122,923)**	(304,561)
Shortfall/(excess) of consideration paid recognised within parent's equity	**262,555**	(55,722)

Details of the Group's significant acquisition of additional interests in subsidiaries during the year are as follows:

On 26 October 2015, China United Cement Corporation ("China United"), a subsidiary of the Company, acquired an additional 18% of the issued share of Nanjing Zhonglian Concrete Company Limited ("南京中联混凝土有限公司")("Nanjing Zhonglian") at a consideration of RMB12 million. The carrying amount of the non-controlling interests in Nanjing Zhonglian on the date of acquisition was approximately RMB205.76 million. The Group recognised a decrease in non-controlling interests of approximately RMB205.76 million and an increase in equity attributable to owners of the Company of approximately RMB193.76 million.

During the year ended 31 December 2015, the Company injected RMB254.8 million into China Triumph International Engineering Company Limited ("China Triumph") as registered capital. After that, the Company's effective equity interest in China Triumph increased from 91% to 93.09%. As a result, the Group recognised a decrease in non-controlling interests of RMB318.7 million and an increase in equity attributable to owners of the Company of approximately RMB63.9 million.

During the year ended 31 December 2015, Heilongjiang Sheng Binzhou Cement Company Limited ("黑龍江省賓州水泥有限公司"), a subsidiary of the Company acquired an additional 10% of the issued shares of Suihua Tsinghua Cement Company Limited ("綏化清華水泥有限責任公司") ("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 RMB2.42 million. The Group recognised a decrease in non-controlling interests of approximately RMB2.42 million and a decrease in equity attributable to owners of the Company of approximately RMB6.10 million.

39 TRANSACTIONS WITH NON-CONTROLLING INTERESTS *(CONTINUED)*

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

	2015 **RMB'000**	2014 *RMB'000*
Carrying amount of equity interest obtained by non-controlling interests	–	(1,551,482)
Capital contributed by non-controlling interests	–	1,837,527
Gain on disposal within equity	–	286,045

Details of the Group's significant deemed partial disposal of interests in subsidiaries without losing control during the year are as follows:

On 14 February 2014, non-controlling parties of China United Concrete Jining Company Limited ("濟寧中聯混凝土有限公司") ("Jining Concrete") injected RMB21.43 million as registered capital and RMB4.67 million as share premium. After that, the Group's effective equity interest in Jining Concrete were diluted from 100% to 70%. As a result, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB8.25 million and increase in non-controlling interests of approximately RMB34.35 million.

On 30 September 2014, BNBM offered private placements on listed shares with sales restriction and raised of RMB2,120 million as registered share capital and RMB1,962 million as share premium. After that, the Group's effective equity interests in BNBM were diluted from 52.40% to 45.20%.

40 CONTINGENT LIABILITIES AND LITIGATION

At the reporting date, the Group did not have any contingent liabilities of potential future payments under guarantees:

During the Reporting Period, save for 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.

References are made to the overseas regulatory announcement dated 30 May 2010 by the Company reproducing the announcement of BNBM in respect of the gypsum board in the United States and the Company's announcements dated 18 July 2014, 20 August 2014, 13 February 2015, 13 March 2015 and 18 March 2016, the 2014 annual report, the 2015 interim report and the 2015 third quarterly report of the Company setting out information on the subsequent development of the gypsum board litigation in the United States.

During the reporting period, the Company, BNBM and Taishan Gypsum continued to defend their respective interests vigorously in the gypsum board litigation in the US. The Company was informed that, with such efforts, certain members in the class action have withdrawn the litigation and the plaintiffs steering committee have filed pleadings to the court to change the claimed remedial class damages to approximately US$350 million.

As the gypsum board litigation in the US is in progress, there may be new cases or new claimants joining the litigation or other parties withdrawing their petitions. The plaintiffs steering committee has recently filed a new proposed and amended class action complaint, listing approximately 1,100 claimants, most of whom were newly added to the litigation. As at the date of this announcement, it is still unknown how many claimants will allege that the damages they suffered were caused by the gypsum boards of BNBM or Taishan Gypsum or other manufacturers. The Company has recently been notified by the Parent that an order has been made by the Federal District Court of the Eastern District of Louisiana, the United States on 9 March 2016 (U.S. time) to dismiss the lawsuit filed by the plaintiff against the Parent.

The Company, BNBM and Taishan Gypsum have respectively engaged domestic and overseas lawyers to consider and assess the litigation strategies and defence as well as its impact on each of the parties above. At present, the economic loss of the Company and the impact on its profit for the current period (if any) that may result from the case cannot be accurately estimated. The Company will make further disclosures as and when necessary or appropriate based on the progress of the litigation.

40 CONTINGENT LIABILITIES AND LITIGATION *(CONTINUED)*

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 China Shanshui Cement Group Limited(hereinafter referred to "Shanshui Cement") and the relevant legal proceedings on 3 November 2014, another voluntary announcement in relation to the update on legal proceedings on 26 January 2015 and the 2015 interim report, 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 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 abovementioned case was discontinued on 12 August 2015 on application by the plaintiffs and agreed by the defendant. For details on this litigation, please refer to the announcements dated 3 November 2014, 26 January 2015and the 2015 interim report.

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 defendant in some proceedings) involving a total amount of approximatelyRMB285 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.

As of the present moment,the relevant courts have delivered judgement in respect of a number of the relevant litigations, holding Zizhong Southwest and Southwest Cement jointly and severally liable for relevant liabilities of Dongfanghong, and the court has deducted bank deposit of RMB150 million of Southwest Cement. Zizhong Southwest and Southwest Cement has applied to the Supreme People's Court for a retrial and the Supreme People's Court has ordered a retrial by itself and suspended the execution of the case on 18 November 2015; Zizhong Southwest and Southwest Cement have initiated arbitration proceedings against Dongfanghong, China International Economic and Trade Arbitration Commission has ordered Dongfanghong and its five natural shareholders to undertake the joint and several indemnity liability of RMB196 million on 20 July 2015.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.

41 COMMITMENTS

	2015 ***RMB'000***	2014 *RMB'000*
Capital expenditure of the Group contracted but not provided in the consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**9,869**	166,879
Acquisition of prepaid lease payments	**–**	12,433
	9,869	179,312

42 OPERATING LEASE COMMITMENTS

Lessee

At the reporting date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2015	2014
	RMB'000	*RMB'000*
Within one year	**78,070**	46,083
In the second to fifth year inclusive	**199,578**	103,077
Over five years	**22,884**	80,711
	300,532	229,871

Operating lease payments represent rentals payable by the Group for certain of its business premises. Leases are negotiated for an average term of fourteen years (2014: fourteen years) and rentals are fixed for an average term of fourteen years (2014: fourteen years).

Lessor

At the reporting date, the Group has contracted with tenants for the following future minimum lease payments:

	2015	2014
	RMB'000	*RMB'000*
Within one year	**53,577**	116,021
In the second to fifth year inclusive	**186,257**	305,623
Over five years	**68,651**	39,695
	308,485	461,339

The Group did not have contingent rental arrangement with the tenants in both years. The rentals are fixed at the commencement of the leases respectively. The lease periods are ranging from one year to twenty years (2014: one year to twenty years).

43 RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by the Parent, which is a state-owned enterprise established in the PRC. The Parent itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24 (revised), "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include the Parent and its subsidiaries (other than the Group), other government-related entities and subsidiaries ("other stated-owned enterprises"), other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and the Parent as well as their close family members.

For the purposes of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year.

43 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties

The Group entered into the following transactions with China National Building Material Group Corporation (the "Parent") and its subsidiaries (collectively the "Parent Group"), the associates of the Group and the non-controlling interests of the Group's subsidiaries:

	2015	2014
	RMB'000	*RMB'000*
Provision of production supplies to		
The Parent Group	**1,006,014**	4,087
Associates	**151,636**	623,242
Non-controlling interests of subsidiaries	**14,534**	116
	1,172,184	627,445
Provision of support services to		
The Parent Group	**2,001**	1,285
Non-controlling interests of subsidiaries	**–**	14
	2,001	1,299
Rental income received from		
The Parent Group	**3,598**	2,576
Associates	**20,916**	4,870
	24,514	7,446
Rendering of engineering service to the Parent Group	**314,334**	429,228
Interest income received from		
The Parent Group	**–**	11,699
Associates	**2,880**	2,892
	2,880	14,591

43 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties *(continued)*

	2015	2014
	RMB'000	*RMB'000*
Provision of production supplies by		
– The Parent Group	**420,069**	197,449
– Associates	**263,702**	430,015
– Non-controlling interests of subsidiaries	**189**	3,526
	683,960	630,990
Provision of support services by		
– The Parent Group	**2,724**	3,252
Supplying of equipment by the Parent Group	**35,120**	43,820
Rental expense paid to the Parent Group	**820**	221
Interest expense paid to		
– The Parent Group	**–**	317
– Non-controlling interests of subsidiaries	**–**	5,204
	–	5,521
Rendering of engineering services by		
– The Parent Group	**11,886**	12,122
– Non-controlling interests of subsidiaries	**–**	600
	11,886	12,722

43 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties *(continued)*

	2015	2014
	RMB'000	*RMB'000*
Supply of raw materials (limestone and clay) by the Parent Group	**18,686**	30,516
Supply of raw materials by		
– The Parent Group	**16,308**	15,857
– Associates	**–**	46,005
	16,308	61,862

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

During the year ended 31 December 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 31 December 2015 and the relevant interest earned or paid during the year 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.

43 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(c) Remuneration to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly including directors and supervisors of the Group. The key management personnel compensations during the year are as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Short-term benefits	**4,973**	4,893
Post-employment benefits	**180**	197
	5,153	5,090

44 EMPLOYEE BENEFITS PLAN

The PRC employees of the Group are members of state-managed retirement benefit scheme operated by the local government. The Group is required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The contributions payable to the scheme by the Group at rate specified in the rules of the scheme included in staff costs are disclosed in Note 11.

45 INFORMATION ABOUT THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(a) Information about the statement of financial position of the Company at the end of the reporting period includes:

	2015 ***RMB'000***	2014 *RMB'000*
Investments in subsidiaries	**26,706,059**	26,268,948
Other non-current assets	**3,298,832**	3,997,015
Amount due from subsidiaries	**45,440,280**	33,831,046
Other current assets	**2,304,676**	534,972
Non-current liabilities	**(11,000,000)**	(9,161,932)
Current liabilities	**(41,331,051)**	(35,440,588)
Net assets	**25,418,796**	20,029,461
Share capital (Note 35)	**5,399,026**	5,399,026
Reserves	**10,024,907**	9,630,310
Perpetual capital instruments	**9,994,863**	5,000,125
Total equity	**25,418,796**	20,029,461

45 INFORMATION ABOUT THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

(b) Details of the changes in the company's individual components of reserves between the beginning and the end of the year are set out below:

	Share Capital	Share premium	Capital reserve	Fair value reserve (Note 36(b))	Statutory surplus reserve fund (Note 36(a))	Retained earnings	Total	Perpetual capital instruments (Note 37)	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	5,399,026	4,824,481	501,310	246,033	752,010	2,761,483	14,484,343	–	14,484,343
Net profit for the year	–	–	–	–	–	1,548,049	1,548,049	45,125	1,593,174
Other comprehensive income for the year	–	–	–	(139,212)	–	–	(139,212)	–	(139,212)
Issue of perpetual capital instruments, net of issuance cost (Note 37)	–	–	–	–	–	–	–	4,955,000	4,955,000
Dividends (Note 13)	–	–	–	–	–	(863,844)	(863,844)	–	(863,844)
Appropriation to statutory reserve	–	–	–	–	171,855	(171,855)	–	–	–
Balance at 31 December 2014 and 1 January 2015	**5,399,026**	**4,824,481**	**501,310**	**106,821**	**923,865**	**3,273,833**	**15,029,336**	**5,000,125**	**20,029,461**
Net profit for the year	**–**	**–**	**–**	**–**	**–**	**1,387,308**	**1,387,308**	**325,592**	**1,712,900**
Other comprehensive income for the year	**–**	**–**	**–**	**(101,872)**	**–**	**–**	**(101,872)**	**–**	**(101,872)**
Issue of perpetual capital instruments, net of issuance cost (Note 37)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,954,146**	**4,954,146**
Dividends (Note 13)	**–**	**–**	**–**	**–**	**–**	**(890,839)**	**(890,839)**	**–**	**(890,839)**
Appropriation to statutory reserve	**–**	**–**	**–**	**–**	**180,602**	**(180,602)**	**–**	**–**	**–**
Interest paid on perpetual capital instruments (Note 37)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(285,000)**	**(285,000)**
Balance at 31 December 2015	**5,399,026**	**4,824,481**	**501,310**	**4,949**	**1,104,467**	**3,589,700**	**15,423,933**	**9,994,863**	**25,418,796**

45 INFORMATION ABOUT THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

(c) Net profit attributable to shareholders

Net profit attributable to shareholders includes a profit of RMB1,387.31 million (2014: approximately RMB1,548.05 million) which has been dealt with in the financial statements of the Company.

46 EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of equity interest in Taishan Gypsum through share issuance of BNBM

Reference is made to the transaction in respect of acquisition of equity interest in Taishan Gypsum through share issuance of BNBM mentioned in the section headed "Partially-exempted Connected Transactions", upon the completion of the transaction, the Company's shareholding in BNBM will decrease from approximately 45.20% to approximately 35.84%, therefore, pursuant to rule 14.29 of the Listing Rules, the transactions contemplated under the framework agreement constitute a deemed disposal of the Company's shareholding in BNBM. The deemed disposal constitute a discloseable transaction of the Company.

Please refer to the description in the section headed "Partially-exempted Connected Transactions" for details of acquisition of equity interest in Taishan Gypsum through share issuance of BNBM. The transaction has been disclosed in the announcement of the Company dated 13 October 2015. As at the date of the announcement, the transaction has not yet completed.

Financial Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2015 ***RMB'000***	2014 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*	2011 *RMB'000*
Revenue	**100,291,587**	122,011,222	117,687,840	87,217,629	80,058,470
Cost of sales	**(75,672,523)**	(88,732,228)	(87,549,843)	(67,089,167)	(58,741,878)
Gross profit	**24,619,064**	33,278,994	30,137,997	20,128,462	21,316,592
Investment and other income	**6,295,465**	4,954,948	4,204,133	5,200,305	2,993,345
Selling and distribution costs	**(7,109,776)**	(7,760,390)	(6,928,479)	(3,880,879)	(2,212,707)
Administrative expenses	**(9,498,520)**	(9,049,329)	(8,134,660)	(5,475,516)	(4,609,812)
Finance costs – net	**(10,532,185)**	(10,856,638)	(9,306,502)	(6,507,145)	(3,859,060)
Share of profits of associates	**331,229**	985,426	630,536	458,642	686,149
Profit before income tax	**4,105,277**	11,553,011	10,603,025	9,923,869	14,314,507
Income tax expense	**(1,312,622)**	(2,881,364)	(2,291,155)	(2,186,883)	(3,568,768)
Profit for the year	**2,792,655**	8,671,647	8,311,870	7,736,986	10,745,739
Profit attributable to:					
Owners of the Company	**1,019,361**	5,919,541	5,761,854	5,579,601	8,015,074
Holders of perpetual capital instruments	**325,592**	45,125	–	–	–
Non-controlling interests	**1,447,702**	2,706,981	2,550,016	2,157,385	2,730,665
	2,792,655	8,671,647	8,311,870	7,736,986	10,745,739
Final dividend proposed	**199,764**	890,839	863,844	836,849	1,160,791
Extracts from the consolidated statement of financial position					
Total assets	**329,787,934**	316,481,826	291,631,175	246,433,547	158,395,218
Total liabilities	**(256,326,657)**	(249,504,595)	(238,055,276)	(202,368,700)	(120,784,056)
Perpetual capital instruments	**(9,994,863)**	(5,000,125)	–	–	–
Non-controlling interests	**(21,567,939)**	(21,404,205)	(18,197,476)	(13,568,749)	(11,279,394)
Equity attributable to owners of the Company	**41,898,475**	40,572,901	35,378,423	30,496,098	26,331,768