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CNBM

China National Building Material Company Limited*

中國建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

**ANNOUNCEMENT ON THE AUDIT RESULTS ISSUED BY
THE NATIONAL AUDIT OFFICE OF THE PEOPLE'S
REPUBLIC OF CHINA**

The National Audit Office of the People's Republic of China (“CNAO”) conducted an audit in 2016 on the financial revenues and expenditures of China National Building Material Group Co., Ltd (together with its subsidiaries, “CNBM Group”), the controlling shareholder of China National Building Material Company Limited (the “Company”, together with its subsidiaries, the “Group”) for the year 2015. The audit results were released on the website of CNAO on 23 June 2017.

The audit results of CNAO indicate that CNBM Group has driven corporate strategic transformation, devised development strategies for innovation, green development and internationalisation of the enterprise, and improved the concentration of the cement industry through consolidation and restructuring and capital operation; vigorously promoted equity diversification, attracted social capital with state-owned interests, and made solid progress in the reform of mixed ownership; innovated operation management, introduced a series of innovative operation management approaches combining external market and internal management, reducing production costs and continuously improving enterprise profitability. The audit focused on aspects such as financial accounting management, implementation of the major policy measures of the state, the key decision-making and internal management of enterprise, and the implementation of the spirit of the Eight-Point Regulation of the Central Committee of the Communist Party of China and integrity in business practices, and CNBM Group was found to have certain issues.

The Company paid great attention to the issues identified in the audit that relate to the Group and has formulated specific corrective actions and plans and has practically driven the implementation of such corrective measures. The relevant issues have been rectified or are in the process of being rectified, and have no material effect on the overall operation results, financial position and financial statements of the Company.

The Company will endeavor to further improve the construction and implementation of institutional system and to enhance management standards on an ongoing basis.

By Order of the Board
China National Building Material Company Limited
Chang Zhangli
Secretary of the Board

Beijing, the PRC
23 June 2017

As at the date of this announcement, the board of directors of the Company comprises Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou, Mr. Cui Xingtai and Mr. Chang Zhangli as executive directors, Mr. Guo Chaomin, Mr. Chen Yongxin and Mr. Tao Zheng as non-executive directors and Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Qian Fengsheng and Ms. Xia Xue as independent non-executive directors.

* *For identification purpose only*