

Report of Supervisory Committee



The supervisory committee of China National Building Material Company Limited ("Supervisory Committee") has conscientiously performed its supervisory duties in a responsible manner and carried out supervision on the Company's operation and financial condition and the fulfilment of responsibilities by senior management for year 2005 in the principle of fairness and honesty in accordance with the Company Law, relevant laws and regulations in Hong Kong and the Articles of Association of the Company, in order to safeguard interests of the Company and its shareholders on the diligent, practical and circumspective basis.

During the year, the Supervisory Committee attended Board meetings and general meetings in the reporting period, and performed sufficient due diligence on supervision and review of convening procedures of Board meetings, resolution matters, performance of resolutions passed in general meetings by the Board of Directors, fulfilment of duties by senior management, as well as the establishment, improvement and abidance of internal control system of the Company in accordance with relevant laws and regulations. The Supervisory Committee is of the opinion that, all members of the Board of Directors and senior management of the Company have worked in strict compliance with relevant laws, regulations, code on practices and the Articles of Association of the Company. They have also discharge their duties in a truthful and diligent manner, performed resolutions passed and authorities granted by general meetings and acted throughout operation activities in accordance with relevant laws, regulations and provisions. Through a series of system construction, the Company has further improved its corporate governance structure and internal management framework and established the fundamental internal control system.

The Supervisory Committee has duly reviewed and approved the Report of the Board of Directors proposed to submit to the annual general meeting, and considers that the report is in consistence with the circumstance of the Company. During 2005, all members of the Board and senior management of the Company have duly performed rights authorised by shareholders and responsibilities under laws, and dedicated themselves to make significant contributions to the development of the Company.

The Supervisory Committee has carefully reviewed financial statements, profit distribution plan, annual report and unqualified auditor's report prepared by the international auditors and domestic auditors of the Company and other relevant information for the year 2005. The Supervisory Committee is of the opinion that, the financial statements of the Company reflect in an objective, true and fair view the Company's financial condition and operating results in all major perspective, and the final accounts are truthful and reliable. The Supervisory Committee has approved audited financial statements prepared by the auditors and the 2005 profit distribution plan of the Company.

In attending Board meetings and general meetings of the Company, reviewing the Company's financial standing and examining the directors' and senior management's performance of their duties, the Supervisory Committee did not find any breach of laws, regulations, the Articles of Association of the Company or any rule, or any harm against interests of the Company or its shareholders.

The Supervisory Committee is satisfied with business activities and results of the Company for 2005, and is confident in the prospect of the Company. During 2006, the Supervisory Committee will continue to make efforts for good work performance and safeguard interests of shareholders in strict compliance with the Articles of Association of the Company.

Shen Anqin

Chairman of the Supervisory Committee

Beijing China
21 April 2006