

## 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 wellbeing and the fulfilment of responsibilities by senior management during 2006 with reference to the Company Law of the PRC, 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 and practical basis.

During the year, the Supervisory Committee attended Board meetings, 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 systems 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 discharged of their duties in a truthful and diligent manner, performed resolutions passed and with authority which was granted by general meetings and acted in accordance with relevant laws, regulations and provisions. 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 which is proposed to submitted at the annual general meeting, and considers that the report is consistent with the Company's current situation. During 2006, all members of the Board and senior management of the Company have duly performed their duties, and dedicated themselves to making significant contributions to the development of the Company.

The Supervisory Committee has carefully reviewed financial statements, profit distribution plans, the 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 2006. The Supervisory Committee is of the opinion that, the financial statements of the Company reflect an objective, true and fair view of the Company's financial wellbeing and operating results, and the final accounts are truthful and reliable. The Supervisory Committee has approved the audited financial statements prepared by the auditors and the 2006 profit distribution plan of the Company.

After attending Board 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 other rules, or any harm against interests of the Company or its shareholders.

The Supervisory Committee is satisfied with the business activities and results of the Company for 2006, and is confident in the Company's prospects. During 2007, the Supervisory Committee will continue to ensure that the interests of shareholders are safeguarded in strict compliance with the Articles of Association of the Company.

**Shen Anqin**

*Chairman of the Supervisory Committee*

Beijing, the PRC  
16 April 2007