

Social Responsibility Report 2011 of CBMI

Preface

◇ This report was the portrayal of continuous improvement on implementation of social responsibilities of CBMI Construction Co., Ltd. (CBMI) in 2011. With the help of this report, employees, clients, partners, shareholders and contributors, various national competent departments in charge, societies and relevant people who cared about CBMI could understand social responsibility ideas and practice, and endeavors CBMI had made with a view to promoting economic and social sustainable development.

◇ The annual report was compiled according to the outline recommended by the Center office of Global Compact China Network. The annual report was written in both Chinese and English, the Chinese text shall prevail for report certification.

◇ To publicize knowledge and ideas of implementation of social responsibilities, and to ensure that compiling quarry of annual report of implementation of social responsibilities was wide and professional, and to ensure the quality of report compiling, CBMI set up compiling panel and compiling body of annual report of implementation of social responsibilities, formulated and issued policy papers such as annual report compiling procedures and compiling outline to guide and standardize compiling process of annual report of social responsibilities. Financial data involved in the report was in consistence with stipulations of Accounting Standards for Enterprises and Accounting System for Enterprises issued by the State. To

ensure the report was authentic and reliable, “Report of Social Responsibilities 2011 of CBMI” was submitted to Global Compact China Network for the third party evaluation and for improvement suggestions.

◇To read online “Report of Social Responsibilities 2011 of CBMI” in electronic form, please visit CBMI website: <http://www.CBMI.com.cn>, “Report of Social Responsibilities 2011 of CBMI” had been submitted to the website designated by Global Compact Office, please visit <http://www.unglobalcompact.com>.

Address by the President

CBMI reaffirmed that accepting social responsibility ideas on observance of human rights, labor rights, environmental protection and anti-corruption of the “Global Compact”, CBMI would continue to support and facilitate the execution of “Ten Principles” in its influencing extent. Strategies, cultural and daily operation would focus on the influence on the stakeholders and implementation of corresponding social responsibilities.

CBMI publicly pledged to comply with the idea of “continuous improvement” of the “Global Compact”, continuously improving human rights situation such as Non-discrimination employment, elimination of child labor, no forced labor, and local labor rights; to safeguard the health and personnel safety of the entire team, guarantee their labor income and care about their career development; to promote and use new technology to save energy and reduce exhaust and protect working and living surroundings; to made efforts to construct fair and just culture, maneuver anti-corruption process. CBMI would continue to report the progress of implementation of social responsibilities in a public manner and open to public supervision.

Signature of President of CBMI Construction Co., Ltd.

A handwritten signature in black ink, consisting of stylized, cursive letters, likely representing the name of the President of CBMI Construction Co., Ltd.

Overview

1. Basic Information

CBMI is a science and technology oriented, management oriented and international oriented large scaled state-holding enterprise, currently attached to Sinoma international Engineering Co., Ltd, a listed company under the China National Materials Group Corporation Ltd. with a history of over 50 years. It mainly engages in project general contracting businesses both at home and abroad with major business being industrial technology development, equipment research and manufacturing and installation as well such as smelting and building materials. It provides integrated technological services for industrial enterprises, and maintained a leading position in the field of building materials project construction. CBMI has foreign operation rights, import-export rights and national works general contracting qualification of class A.

CBMI was registered in Tangshan city, Hebei Province, China, with its management center, technology center, project center and purchase center in Beijing Economic and Technological Development Area. The company possesses complete business chains including project consultation, financing services, project design, equipment manufacturing, complete purchase, logistics transportation, project construction, debugging training, spare parts and production management.

CBMI had been certified by ISO9000 Quality Management System (including British UKAS and German TGA certification), ISO14000 Environmental Management and Quality, Environmental Management and

Occupational Health Safety System of OHSAS. Credit line kept AAA level continuously.

2. Major Business, Operation Scale and Organizational Structure

(1) Major Business

CBMI mainly engaged in the general contracting of cement industrial project, providing clients with integrated services of individualized “general contracting” in modes such as EPC and EP on project consultation, design and R & D, equipment manufacturing and complete equipment, civil engineering and installation, production debugging, spare parts, after-sales services and production management of cement production line in various scales, according to needs of various clients and environmental characteristics.

Especially for recent years, CBMI had developed and promoted energy-saving, environmental protection and low exhausted transformation technology for cement production project, and power generation technology using waste heat.

(2) Operation Scale

CBMI successively undertook most of major projects of cement production line of domestic cement industry, including the vast majority of foreign investment projects and cement product line project whose scale exceeded daily cement clinker output of over 4,000 tons, with accumulative construction of over 150 cement production lines. At present, the team of over a thousand personnel could carry out construction of over 20 projects with investment amount of nearly RMB 10 billion Yuan in scores of countries around the world.

In the cement industrial construction history of China, CBMI created many first items including the first biggest cement factory project construction of two production lines of ten thousand tons and the first complete technology introduced production line, the first self-developed production line of dry rotary kilns, the first Sino-foreign joint venture production line, the first turnkey project in international general contracting mode, installation of the first daily output of ten thousand cement clinker, and the complete equipment of the first cement production line exported to Europe.

3. Distribution of Construction Projects

Over 90% businesses of CBMI lied in the international market. Major construction projects undertaken and implemented at present were distributed Europe, Asia, Africa, America's Spain, France, Italy, Russia, Hungary, Albania, Ukraine, Moldova, Cyprus, Azerbaijan, Bulgaria, Syria, Saudi Arabia, Tunisia and Morocco, Mauritania, Zambia, South Africa, Nigeria, Uganda, Benin, Albania, guinea, Dominica, Ecuador, Malaysia and other countries and regions. CBMI was a well-known enterprise, taking the lead to enter the international market in China's cement project contracting industry.

4. Enterprise Strategies, Values and Social Responsibility Ideas

CBMI put forward the international strategy of "Going out of China, gaining firm footing and building a brand". It can be expressed currently as "strengthening and expanding international markets and general contracting businesses as the goal, enhancing the function construction of turnkey business as the means, promoting fine management and enterprise

culture construction as the guarantee, speeding up CBMI's scale and improvement, and realizing development of great-leap-forward".

CBMI's core values could be expressed as "both knowledge and achievement being equally important, pragmatic and innovative, and integrity as the best policy."

CBMI would fulfill the enterprise mission of "building CBMI into the quality oriented and garden-like cement producer, bringing both joy and benefits to our employees".

5. Awards during the Reporting Period

Honors	Granted by
Hebei Province Foreign Economic Cooperation Award for Outstanding Enterprises	Hebei Provincial People's Government
Hebei Province Foreign Trade Export Award for Outstanding Enterprises	Hebei Provincial People's Government
Kaisheng Cup Second Prize of Technological Innovation of National Construction Materials Industry	China Building Materials Federation China Machine Smelting Building Materials Trade Union National Committee
Syria ABC, Nigeria Projects Department Won Excellent Advanced Grassroots Party Organization	China National Materials Group Corporation Ltd.
The company discipline inspection commission was awarded the 2010 annual advanced discipline inspection commission	State-owned Assets Supervision and Administration Commission of Tangshan City
Discipline inspection commission secretary Shi Lianzhang had been chosen as the outstanding	State-owned Assets Supervision and Administration Commission of

discipline inspection commission secretary	Tangshan City
The company's Nigeria project party organization won the title of advanced basic-level party organization in 2010	State-owned Assets Supervision and Administration Commission of Tangshan City
Chief inspector Guo Weisheng was rated as outstanding communist party member	State-owned Assets Supervision and Administration Commission of Tangshan City
CBMI union committee won the title of "The Home of Model Workers in 2010"	Industry, Construction, Communications, Agricultural Forestry and Water Unions of Tangshan
Syria ABC, Nigeria project trade union branch won the title of "Home of Model Workers in 2010"	Industry, Construction, Communications, Agricultural Forestry and Water Unions of Tangshan City
"Advanced Organization" in Population and Family Planning Work in 2011	Chinese Communist Party Tangshan City Fengrun District Committee Tangshan City Fengrun District People's Government

Stakeholder Information

1. Overview of Stakeholders

No.	Stakeholders	Relationship	Communication
1	1st shareholder: CBMI International Engineering Co., Ltd.	Holdings	Shreholders' Meeting
	2nd Shareholder: Staff or Natural Persons	Share holder	
2	Client	Client Service	Business Contact
3	Staff A: Registered Staff	Labor Managemnt Relations	Contract and Trade Union
	Staff B: Domestic Employees		
	Staff C: Employees based in foreign projects		
4	Supplier	Business Subcontracts	Business Interactions
	A:Technical design subcontractor		
	Supplier B: Procurement subcontractor		
	Supplier C: Engineering subcontractor		
5	Supplier D: Labor subcontractor		
	Community A: company and project-based government	Relevant laws and regulations	Conference and visits
	State Administration of Taxation of Tangshan City Fengrun District	Levyng and Administration of Taxes	
	Local Administration of Taxation of Tangshan City Fengrun District	Levyng and Administration of Taxes	

	Commercial Banks such as Communicosn Bank of China and Bank of China	Funds Access, Credit, and Guarantee, etc	
	Fengrun District Housing Accumulation Fund Management Center	Management of Employees' Housing Accumulation Fund	
	Accountant Firm	Audit of Annual Financial Statement	
	The State Administraiton of Foreign Exchange Tangshan City Center Branch	Foreign Exchange Control	
	State Administration of Taxation of Tangshan City Import and Export Tax Branch	Export Tax Refund	
	Meeting and reservation Community B: company and Project-based residents	Economy, Employment and Environment	
	Community C: Local community organization of company and project	Relating to Special Topics such as Trade Union and Information	
6	Local news media of headquarters, branch	Informaiton and	Interview

	office and project	Advertisement	
--	--------------------	---------------	--

2. Societies participating at home and abroad

No.	Name	Position
1	United Nations Global Compact Organization	Member
2	China Building Material Machinery Association	Vice Chairman
3	China Cement Association	Member
4	China Construction Enterprise Management Association	Executive Director
5	Building Materials Branch, Accounting Society of China	Member
6	Taxpayers Club of Hebei	Member

Corporate Governance and Management

1. Governance Structure

CBMI was a limited liability company formed in accordance with the Company Law of the People's Republic of China. It had set up shareholders, board of directors, supervisors, and general manager according to the charts. The general manager shall be responsible to the board of directors. The board of directors had professional committees including enterprise strategy development committee, production safety committee, tender committee, risk management and internal control leadership group and comprehensive budget management leadership team as well to manage and control enterprise operation risks as well as supervise enterprise honest operation.

2. Decision Making Procedures

CBMI would hold office meetings with shareholders, board of directors, board of supervisors and general manager regularly and irregularly. It would also carry out working in accordance with CBMI Articles of Association, Meeting Procedure Rules of Shareholders, Meeting Procedure Rules of Board of Director Meeting, Meeting Procedure Rules of Board of Supervisor, and Work Rules of the General Manager to carry out decision making on production, operation and management.

3. Organization Structure

At the request of operation, production, management and business development, CBMI had created organizational structures with 15 functional departments. These specific departments included Offices, Human Resource Department, Finance Department, Marketing Department,

Technology Center, Equipment R&D Department, Procurement Department, Logistics Department, Project Management Department, Commissioning Service Department, Office of Regional Manager, Quality Control Department, Safety Supervision & Management Office, Settlement Center, and Party & the Masses Work Department. According to the requirement of contract implementation performance of projects undertaken, CBMI shall set up the appropriate project management department at any time. (The following was the organization chart of the enterprise.)



Basic Operation Performance

In 2011, the operation management of CBMI started from the actual situation at home and abroad, actively adopted measures, reasonably adjusted strategies, and stabilized operation achievement, meanwhile, during business activities, especially when undertaking new projects or prior to participation of bidding of new projects, CBMI paid more attention to the key policies such as local labor, environmental protection, taxation, and customs, and paid more attention to local culture and convention, and regional characteristics to improve execution efficiency, economic benefits for projects, and reduce risks in execution of overseas projects, and taking into account promoting social and economic development in the regions.

1. Business Performance and Development

In 2011, with global economy concession and increase of operation cost, competition in the markets was very severe. Facing the rigorous situation, CBMI construction Co., Ltd (CBMI) actively adjusted strategies, and continued to center on themes of globalization, scalization and relevant pluralism, grasped cement project works as the major business and business development in pluralism, accordingly creating a series of brand demonstration projects. Various undertakings such as cultural construction and social responsibility were promoted further to ensure stable development, enterprise harmony, and employee relief of CBMI, and achieved fine economic and social benefit.

(1) Technology Upgrades

In 2011, CBMI strengthened technological innovation, promoted enterprise technology upgrades, facilitated research, development and application of

new products, new technologies and new equipment with great efforts. CBMI obtained 3 patents with the state authorization, and they were respectively rotary fully sealed continuous ethanol fermentation reaction tanks, adhesion-proof rotary air lock feeders and high temperature & wear resistance ceramic valve plates. Eight patents were handled. Details of application and submission, and authorization as well of all patents were listed as follows:

No.	Project Name	Type	Authorization/ Handling	Application No./Patent No.
1	Adhesion-proof rotary air lock feeders	Utility Model	Handling	ZL 201120088105.9
2	Rotary kiln axial spacing device	Utility Model	Handling	ZL 201120569771.4
3	Material taking tooth roll harrow	Utility Model	Handling	ZL 201120569725.4
4	A portable train bulk loading machine	Utility Model	Handling	ZL 201120289129.0
5	A wet material bin suitable for viscous	Utility Model	Handling	ZL 201120313887.1
6	Electric gate valve used for three times wind ducts	Utility Model	Handling	ZL 201120431168.X
7	An electric gate valve used for three times wind ducts of cement production lines	Utility Model	Handling	ZL 201120432176.6
8	Buried steel rain oil isolation tanks	Utility Model	Handling	ZL 201120473298.X
9	Hermetically sealed rotary continuous ethanol fermentation reactors	Utility Model	Authorization	ZL 2010 2 0675363.1
10	Adhesion-proof rotary air lock feeders	Utility Model	Authorization	ZL 201120088105.9
11	High temperature & wear resistance ceramic valve plates	Utility Model	Authorization	ZL 2010 2 0173702.7

The technological R & D in 2011 focused on more efforts on environmental protection projects, and energy-saving and exhaust reduction projects,

leaving the main achievements being “hermetically sealed rotary continuous ethanol fermentation reactors” and “fly ash high fine powder grinding mills” and so on.

Sweet sorghum stalk continuous fermentation and distillation devices researched and developed by CBMI was a new technology using the solid continuous fermentation and distillation of sweet sorghum stalks to produce fuel ethanol, new devices using renewable energy technology, whose achievements could resolve the problems of fossil fuels being increasingly nervous and environmental protection. The devices could ferment continuously straws, bagasses, and corrupted food for alcohol, providing technological support for biological energy production and use and being successfully applied in projects of Inner Mongolia Tehong Biology Co., Ltd. with various exhaust indicators reaching provided requirements of indicators.

Fly ash high fine powder grinding mills researched and developed by CBMI, using the grinding technology of CBMI, were a set of complete equipment with fly ash production lines specially researched and developed according to the bearing technology of the-state-of-the-art. With lower temperature of slide shoe bearing at working, it was convenient to adjust and it was high efficient in cooling and it could save water. Its successful R & D reflected the advantage of energy saving and solid waste reuse.

As of the end of 2011, CBMI had researched and developed over 40 new technologies and new equipment, details were as follows:

No	Project Name	Technological Realm	Starting Date	Finishing Date
----	--------------	---------------------	---------------	----------------

1	Research and development of large teeth roller cracker for cracking sticky and wet materials	High efficient and energy saving	200703	201106
2	Research and equipment technology development of sludge treatment technology	Equipment of water pollution prevention and control	200704	201106
3	R & D of fly ash high fine powder grinding mills	High efficient and energy saving	200801	201106
4	Special technology of industrial coal-water slurry	High efficient and energy saving	200801	201106
5	R & D of air dryer and supporting equipment	High efficient and energy saving	201001	201112
6	Design and development of electrical equipment for wind power generation	New energy	201005	201212
7	Development and design of sweet sorghum stalk continuous fermentation and distillation devices	Processing equipment for solid waste	201005	201106
8	Structure optimization and purchased part optimization of material piling and taking machine	Processing equipment for solid waste	201009	201106
9	Research and design of electromagnetic vibration feeders of horizontal head drives, used for vertical mill effluent system of	Advanced manufacturing technology equipment	201101	201112
10	Research and design of suspension vertical dryers with heavy output and heavy drying ability	High efficient and energy saving	201101	201108
11	Application research and design of classifying subject (excluding dust collection system) of combined classifier in cement combined grinding system	Advanced manufacturing technology equipment	201101	201108
12	Research and design of meeting bellows-type by-pass wind technology	New energy	201101	201108
13	Research of biological reuse (coffee shell and rice hull, etc. used for firing fuel)	New energy	201101	201107
14	Application, research and design of high temperature butterfly valves in three times wind ducts	Advanced manufacturing technology equipment	201101	201106
15	Research and design of monomer type combination ingredients station	Advanced manufacturing technology equipment	201101	201108
16	Research of substitution cement fuel by massive tires and wood chips	New energy	201101	201112
17	Research and design of effective reserves providing homogenization banks	Monitoring equipment and controlling system	201101	201107
18	Research and design of effective distributing control of top multipoint feeding of preheater	Monitoring equipment and controlling system	201101	201106
19	Grading research of combined grinding tubes and mills	High efficient and energy saving	201101	201108
20	Basalt crushing technology research	High efficient and energy saving	201101	201108

21	Collection, application research of cement kiln shell heat	High efficient and energy saving	201101	201108
22	Ultra-fine tube mill research	High efficient and energy saving	201101	201208
23	European pulverized coal preparation system safety standard research	Monitoring equipment and controlling system	201101	201107
24	Research and design of ladder warehouses used for high wet high viscosity material	Advanced manufacturing technology equipment	201101	201112
25	Research and design of self-closing explosion valve in compliance with European standards	Advanced manufacturing technology equipment	201101	201112
26	Optimization and the reasonable application research of material valve in the cement production line	Advanced manufacturing technology equipment	201101	201108
27	Process pipe modular design and application	Monitoring equipment and controlling system	201101	201108
28	Process pipe modular design and application	Monitoring equipment and controlling system	201101	201211
29	Heat exchanger modular design and application	Monitoring equipment and controlling system	201101	201106
30	Research and development of high efficiency spiral type cyclone dust collector	Processing equipment for solid waste	201101	201106
31	Research and application of highly sticky and wet materials storage technology	Advanced manufacturing technology equipment	201101	201111
32	Research and application of belt conveyor lightweight structure components	High efficient and energy saving	201101	201112
33	Technological research of automatic reset type explosion-proof valves	Advanced manufacturing technology equipment	201101	201108
34	C1 spiral type export technology research	High efficient and energy saving	201101	201112
35	Analysis and optimization of harmonic wave in the power grid	Optoelectronic components and their products	201101	201112
36	Promotion of steel net cable bridge in the cement project	Advanced manufacturing technology equipment	201101	201112
37	Research and application of controlling system of paper bag hoisters	Monitoring equipment and controlling system	201101	201112
38	R & D of industrial circulating cooling water low temperature waste heat for building heating and hot water system	High efficient and energy saving	201101	201105
39	Technological research and development of waste heat used in refrigeration/warm air conditioning system Of a waste heat power generation cement plant	High efficient and energy saving	201101	201105
40	Technological research and development of waste heat used in refrigeration/warm air conditioning system Of a non-waste heat power generation	High efficient and energy saving	201101	201106

	cement plant			
41	R & D, and application of rain oil separation devices	High efficient and energy saving	201101	201112
42	Research of technological optimization for ground source heat pump system	New energy	201101	201112
43	Technological research and development of clean energy comprehensive utilization in air conditioning and heating system	New energy	201101	201112

(2) Main Economic Indicators

Many disadvantageous factors had resulted in shrink of cement businesses of CBMI in the international markets in 2011. To resolve such an adverse situation, CBMI stuck to pioneering domestic markets and strengthening project management, making fine profitability despite the fact that revenues from sales and assets scale were reduced in 2011. CBMI's revenue from sales reached RMB 2.165 billion Yuan, total assets being RMB 2.153 billion Yuan, and total profit achieved being RMB 264 million Yuan.

This indicated that CBMI was devoted to improving operation management for the enterprise and improving competitiveness among the field of the international cement industry. Meanwhile, it had also laid solid foundation for struggling to promote social, economic, environmental and ecological sustainable development, and for continuing implementing social responsibilities of enterprises.

(3) Market Development

In 2011, the foreign cement engineering construction markets witnessed a downturn. Firstly, strategic adjustment of several major cement groups, top priority to debts and tight control of investment funds had brought in less investment amount; those projects, whose intent was reached, were

started slowly. Secondly, the Middle East situation was volatile and many projects of CBMI in that region were stopped. In addition, many domestic cement enterprises turned to overseas markets; the market strategies of competitors also had a great impact on market development.

CBMI had adopted various measures to stabilize the market development. In Syria region, Nigeria region and Morocco region, CBMI took echelon tracking strategy for different proprietors and projects to effectively maintain tracking effectiveness for projects. CBMI strengthened development of medium and small sized clients and established relationship with over 20 medium and small sized clients. Meanwhile, CBMI also enhanced second market development of the regions with projects undertaken and increased tracking dynamics for renewable projects, maintaining stable market shares.

In 2011, the total amount of newly signed contract was RMB 1.5 billion Yuan (already effective total amount), of which overseas general contracting contracts ,including the contract of power plants with United Cement Group of Dubai. In China, CBMI had signed with Tianshan Cement for Fukang carbide slag setup project, with Huarun Shanxi Changye for 5000TPD EPC project, with Yaobai Cement for Hetian 4500TPD EPC project and with Tianshan Cement for Dabancheng 6800TPD EPC project.

(4) Construction Achievement

In 2011, despite adverse overall operation environment, projects of CBMI, which were implementing, was in an orderly progress with 18 construction projects being promoted in an orderly manner and project construction at home and abroad popping up with happy regularity. Four projects in

Hungary, Cyprus, Azerbaijan and Nigeria among overseas projects had made smooth ignition and were put into production, in China, two projects in Youkeng, Guangdong and Jiangjin, Chongqing had made smooth ignition and were put into production.

In 2011, CBMI had successfully built a series of international brands, which had been landmark projects for the third step strategy of “Going out of China, gaining firm footing and building a brand” in CBMI’ achievement of globalization.

On Feb. 04, 2011 the ignition was started, and after 7 days the first batch and qualified clinker was produced by Cyprus Vassiliko cement production line project, the biggest cooperation project between China and Cyprus, and the biggest cement production line in progress in EU countries. Compared with the original four production lines, the output of Vassiliko project after construction was increased to 6,000 tons from 3,600 tons compared with the original four production lines, with operating benefits of various economic and environmental indicators being fine, meanwhile, surrounding environment was improved and great contributions had been made to energy saving and exhaust reduction in EU.

Exhaust of CO₂ decreased by 17% (About 449,303 tons/year), Fuel consumption decreased by 30% (About 72,654 tons/year), and Electricity consumption reduced by 5%-10% (About 1,660,000 kwh/year). So as to making great contributions to EU energy-saving and exhaust reduction.

In November 2011, CBMI completed on time the TTTAN project in Albania, whose final acceptance was made by FAC with test indicators on performance and reliability being over the guaranteed value provided by

the contract. There existed no major quality problems in execution of the project, and there was no complaint about project quality and no quality claim occurred, and the overall quality of the project was accepted by proprietors.



Syria ABC project, which produced the first batch of cement in Feb. 2011 achieved high quality, high efficiency and no complaint, and started ignition 40 days before the day provided by the contract. In June 2011, it obtained provisional acceptance certificate (PAC), achieved zero accident during execution of the project. Good service provided for proprietors won the further cooperation with proprietors, and after the entire project contracting (EPC), proprietors also ask CBMI to undertake TAA.

What was worth mentioning was the execution of the project in Hungary, which set up a monument of the brand for CBMI in Europe. As the first EP project, which was undertaken by CBMI in Europe, the project in Hungary featured plant design and complete equipment provided by Chinese companies, which were packed and delivered to the site, and then

executed by European local installation companies with CBMI responsible for installation guidance. This meant that Chinese design, supply, packaging and delivery would go through rigid inspection of European standards and European companies; design and equipment must be seamlessly butted with the plant system, and even a little defect may result in severe claim. The difficulties in the project were that all designs and products must comply with CE certification requirements of European technology and safety standards, not only including the equipment themselves, but also including equipment materials, meanwhile, they must comply with EU standards but also comply with local standards of Hungary. The highlights in the project were zero deaths, zero serious injury and zero major equipment accident in safety execution; it achieved no major quality problem; it was completed on time according to the contract time limit; it had achieved zero claims and got anticipated benefits. Its smooth ignition successfully achieved strategy choices of the enterprise, playing a key role in developing European markets for CBMI. The significance of the project: the project exported steel structure and equipment to Europe nearly 20,000 tons, about 55,000 cubic meters, of which 92% products were made in China; it achieved export of equipment and technology service instead of traditional labor export; it had enhanced understanding of China's cement complete equipment and technology service by European developed countries, promoting their knowledge and confidence on "made in China"; it had built good image in Europe for Chinese companies.

Shao Ning, Deputy director of State Assets Administration Committee of the State Council, made a special trip in October 2011 to Hungary to inspect

the project, after listening to the report of Vassiliko execution in Hungary and in Cyprus, TTTAN project execution in Albania, and ABC project execution in Syria in Central and Eastern Europe, he said that “very excited, the trip is fruitful, it has boosted greatly the morale of Chinese enterprises, and it shows increasingly better competitiveness of Chinese enterprises, representing and improving the overall image of us.”

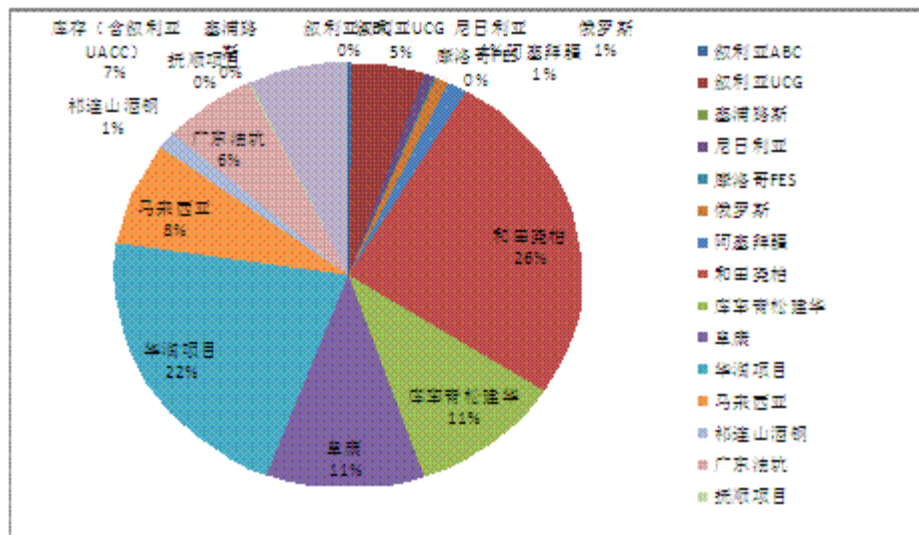
2. Economic and Social Impacts

CBMI practiced its commitment of “localization” of materials and human resources during projects’ implementation process, providing tax returns, promoting the social and economic development, increasing employment and running trading activities in the communities where the project lied

(1) Socio-economic Development

Domestic and international implementation of the projects of CBMI had a large number of materials, supplies and procurement businesses, promoting the domestic and foreign markets in the host country and regional business operations. In 2011, the annual procurement amount reached over RMB 1.08421 billion Yuan, of which equipment procurement was RMB 919.65 million Yuan, procurement amount of bulk materials reached RMB 164.56 million Yuan, steel procurement reached 26,753 tons (amount of RMB 129.92 million Yuan), fixed asset equipment procurement reached 31 sets (amount of RMB 6.7989 million Yuan).

Materials Procurement Project Distribution Chart



库存（含叙利亚 UACC）	Inventories (including Syria UACC)
祁连山酒钢	Qilianshan Jiugang
塞浦路斯	Cyprus
抚顺项目	Fushun Project
广东油坑	Youkeng Guangdong
叙利亚 UCG	Syria UCG
尼日利亚	Nigeria
摩洛哥	Morocco
阿塞拜疆	Azerbaijan
叙利亚 ABC	Syria ABC
马来西亚	Malaysia
华润项目	Huarun Project
和田尧柏	Hetian Yaobai
库车青松建华	Kuche Qingsong Jianhua
阜康	Fukang
俄罗斯	Russia

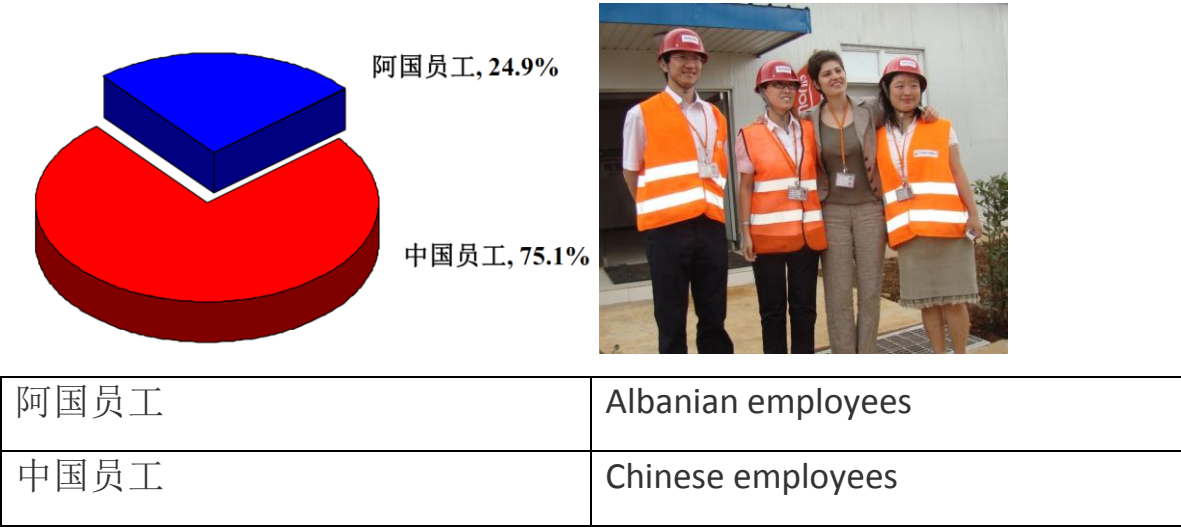
（2）Increase of Employment Opportunities

Project execution of CBMI adopted the “General Contracting” mode, and used a lot of labor works in working layer. In 2011, CBMI had created directly over 1,028 jobs for workers from Sichuan, Jiangsu, Hebei,

Heilongjiang, Jilin, Liaoning, Henan, Gansu, Shanxi, Shaanxi and Anhui.

All overseas projects hired a lot of local employees, and trained a lot of technical personnel and skilled workers, which had made great contribution to the local employment and improvement of labor skills. In 2011, the total number of local employees for foreign projects was over 670. CBMI organized over 450 employees to take part in all kinds of skills trainings provided by CBMI. Construction of Nigeria project, and Morocco FES projects brought in over 1430 long-term jobs for local residents. Construction of Nigeria project, Morocco FES project and Cyprus project also brought in 1410 long term jobs directly and indirectly for local residents.

TTTAN project department in Albania resolved project surrounding employment problem through hiring local employees, and only for the project, the proportion of local workers reached 25%.



Environmental Performance Situation

In the international markets, CBMI made more efforts to devote to environmental protection in addition to making contributions to economic growth. During operation management, CBMI adhered to the environment concept of “using human spirit and green sense to build our common home, CBMI tried to comply with regulations such as United Nations Environment Programme Declaration on Cleaner Production and The ICC Commercial Rules. In production, living and office works, CBMI had taken various measures actively to reduce pollutions and protect the environment. In 2011, there happened no major environmental pollution incident in CBMI’s operation and management, and production scope as well.

1. Environmental Management Mechanism

(1) Organization

In 2011, CBMI leadership group of energy saving and exhaust reduction continued to strengthen, lead and coordinate corporation wide environment protections. While planning and arranging 2011 annual work plans, CBMI had drawn up internal control objectives and indicators of environmental protection as well as implemented responsible departments and persons.

(2) System

In 2011, CBMI had updated or enriched environmental management system documents to make CBMI’s management activities, production processes and service processes more comply with relevant laws and regulations. In 2011, CBMI had revised existing ISO14000 Environmental Management System again, and passed the authentication of consultation

agency as well as passed quality, environment, and occupational health system authentications again.

2. Environmental Management Measures

In 2011, CBMI fully took advantage of company's office systems, networks, newspapers, lectures, etc. to promote energy conservation principles, policies and scientific and technological knowledge, to increase employees' aware of ecological and environmental protection.

(1) Office Life

In 2011, CBMI continued to carry out the system of division of HQ and project manager department responsibilities on usage and management of water, electricity, and fuel.

General Manager's Office was responsible for managing the water and electricity, and making statistics of water and electricity consumption. Water, electricity, and oil management in the working site was responsible by the project management department, establishing statistical ledger of energy consumption of the project, collecting water, electricity and oil consumption data on a monthly basis, and filling out water, electricity and oil consumption card.

CBMI HQ and project manager department checked the assessment of management practices according to usage and management methods of office paper; all departments basically realized double-sided paper use of abandoned paper. Meanwhile, CBMI's computer system was re-upgraded, to increase the paperless network office management.

(2) Production and Operation

In 2011, CBMI strengthened the promotion of new technologies, and gave priority to technologies, materials and equipment with good efficiency and low energy consumption when selecting processes and equipment. Every project gave priority to electricity saving, oil saving construction machinery and construction machinery shall be used in a reasonable and scientific way.

Firstly, Research, Application and Promotion of New Technology

CBMI further promoted SNCR system in projects such as Russian FER projects undertaken, which reduced the NOX exhaust from 1500mg/Nm³ to 400mg/Nm³; it promoted trash-burning system, whose cement technology decomposing furnace could 100% use urban trashes like waste paper and wood chips as fuel.

Adopting new technology brought significant benefits for economic and environmental benefits of constructed projects. Cyprus Vassiliko cement production line project, put into operation in 2011, began to appear benefits. The project adopted environmental protection design, with low carbon dioxide emission, using renewable resources such as refinery coke, waste tire, in place of at least 50% traditional fuels such as crude oil and heavy oil, and electricity usage reduced by 5% to 10% compared with traditional fuels. Compared with the original production line, the line after construction reduced CO₂ emission by 17% and fuel consumption by 30%.

Statistical Indicator Project	Guaranteed Value of Contract Quality	Actual Value
Heat consumption of rotary kiln (kcal/t)	≤ 710	708
Electricity consumption of rotary kiln (Kwh/t)	≤ 22.6	17.44

Electricity consumption of raw material mill (Kwh/t)	≤ 16	15.34
--	-----------	-------

Secondly, Harmful Gas Emission and Waste Disposal

In 2011, garbage in office and living areas such as CBMI headquarters, every project management department and branch companies continued to be stored in reusable and non-reusable classifications. Every project management department had carried out treating with recyclable wastes in concentration on construction and production sites. For any toxic and hazardous wastes such as waste batteries, waste toner cartridges, fluorescent tubes, and printer cartridges, CBMI implemented the old-for-new-service system or agreed on suppliers to recover them. In 2011, the recovery rate of waste battery waste toner, waste fluorescent tubes and waste cartridge was 100%.

Thirdly, Typical Projects

Albania project adopted mature technology and established relatively complete environmental protection system, bringing environmental pollution accident control and pollution emission rate of reaching standards into comprehensive goals of the project department with special staff managing special items. After construction, the project achieved fully automatic control, production being advanced and the plant emission being advanced level internationally. The following table was the comparison of waste gas emission, with indicators showing controlling of waste gas emission performance was excellent.

Exhaust name	Unit	Guaranteed index	Chinese standard	European standard	test value
-----------------	------	---------------------	---------------------	----------------------	------------

Dust exhaust	mg/Nm ³	≤20	≤30	≤20	1.8
Nitride	Mg NOx as NO ₂ /Nm ³	≤800	≤800	≤800	798
Sulphide	Mg SOx/Nm ³	≤400	≤400	≤400	1.7

(3) Major Benefits of Energy Saving and Exhaust Reduction

In 2011, CBMI maintained benefits for energy saving and exhaust reduction through technological promotion and strict management with details listed as follows:

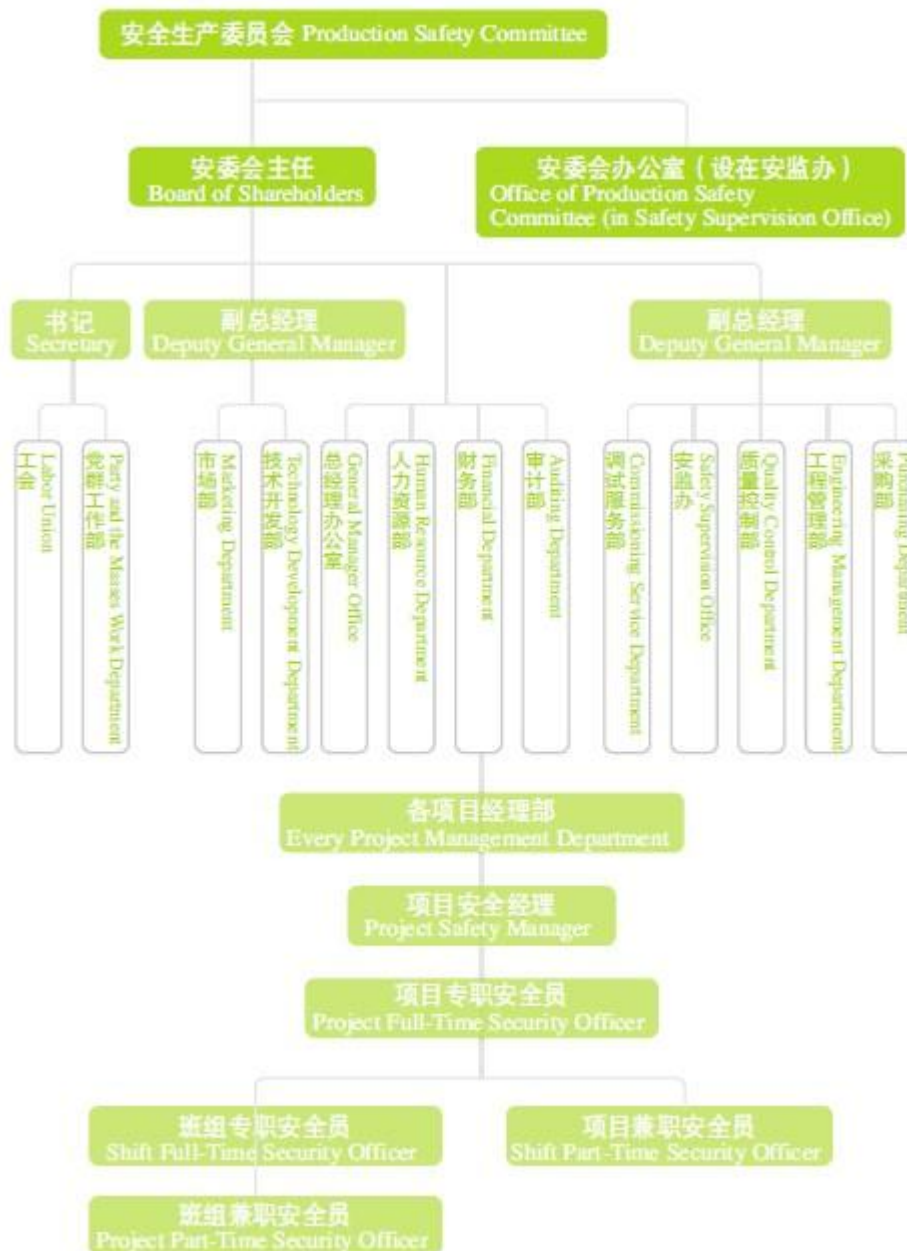
Target Project	Target in 2011	Actual Situation
Equipment utilization ratio	≥79%	69.8%
Equipment availability	≥95%	96.8%
Comprehensive satisfaction of the owner	≥86.5%	90%
Contract compliance rate	100%	100%
Bulk materials and equipment saving control	≤5%	≤5%
Training coverage	100%	100%
Media coverage on energy saving	100%	100%
Paper consumption	≤90%	89%
Electricity consumption	≤95%	94%
Utilization rate of steel	≥96.5%	96.8%

Occupational Safety and Health

In 2011, CBMI continued to do a good job of occupational safety and health, improving employee working and living environments, and improving employees' working and living environments, and improving employee's social security and welfare benefits. According to deployment of State General Administration of Safety Supervision, CBMI took the "Safety Cultural Construction Demonstration Enterprise Standards" as standards, achieving the nine indicators of "safety promise, safety system, safe environment, safe behavior, learning and training, incentive system, personnel participation, occupational health and continuous improvement" to enhance safety values of employees. CBMI had made significant achievement in safety management especially in 2011, there happened no major safety accident, the goal of death rate was set at zero in the beginning of the year, and the goal met deadline at the end of the year.

1. Do a good job in management system construction

In 2011, CBMI revised preplan management procedures under the emergency framework of the comprehensive emergency preplan management procedures, and issued various special emergency preplans according to organizational structure and changes to personnel, in accordance with project progress and outside safety environment needs, providing guarantee for various emergency disposal work. Aimed at natural disasters and emergency accidents such as fire, typhoon, terror attacks, various projects carried out emergency evacuation and fire drill, improving self-protection of employees and reaction ability of the projects, and settlement ability for emergency accidents as well.



2. Consummating Security System and Management Standards

In 2011, CBMI enhanced the safety production responsibility system with all departments and the general manager (GM) signing safety and environmental protection responsibility statement again. In 2011, from the GM to the front workers of subcontractors, there existed 29 projects in

total signing 63 safety and environmental protection responsibility statements, making signing rate of responsibility statements being 100%. Meanwhile, CBMI continued to organize subcontractors to sign safety production responsibility contracts, with safety responsibility contracts of subcontractors covering people in charge of subcontractors, insite people in charge and people in charge of teams and major operation workers.

In 2011, CBMI started to compile standardization system documents in combination of actual situation of the enterprise, and further revised standardization documents, aimed at business changes and working process of key points. CBMI sorted out existing system documents and process, consummated and segmented sub-systems, and built focus process and duties of project insite safety production standardization management, established and consummated safety production management procedures for overseas organizations, projects and businesses, made clear duties in management areas for all subcontractors, forming seamless interface for management, and sorted out detailed incite safety standardization operation technology for all projects, working out a set of project construction standardization manual including earthwork construction safety standardization, scaffold construction safety standardization, and concrete construction safety standardization.

3. Investigation of Potential Hazards and Increase of Safety Investment

In 2011, CBMI organized various departments to carry out thoroughly various special treatment including insite members, materials piling and hoisting, habitual operation against laws, safety work analysis and license system, post qualification of special operation personnel, implementation

of safety technological plans and measures and confiding a safety technological secret. The company set up an inspection team to make safety patrol for all projects and organized all projects to self-examine. There were 150 safety inspections in total in 2011, finding out 816 potential hazards, which were rectified and improved immediately and within a time limit, with rectifying rate of potential hazards being 100%.

CBMI further consummated security system thrown by safety production to ensure expenditure on safety management, accident potential hazard rectifying and safety technological measures timely and in place. In 2011, the company totally spent RMB 21.1383 million Yuan on safety management, of which safety protection equipment and facilities cost RMB 7.5926 million Yuan, emergency equipment and personnel protection articles cost RMB 3.0035 million Yuan, and safety production examination and evaluation cost RMB 1.7765 million Yuan, major hazard source related cost RMB 2.2596 million Yuan, safety production training and emergency drill cost RMB 1.8001 million Yuan, environmental safety of overseas project cost RMB 4.062 million Yuan, and safe production and other expenditures cost RMB 644,000 Yuan.

4. Strengthening Safety Training

In 2011, CBMI still brought training for people going abroad into the focus management category of safety management department, uniformly compiled training outline and training courseware; and carried out special skill examination for special personnel such as electricians, people working in scaffolds, cranes and workers for welding and torch cutting. People who

hadn't been trained couldn't be sent abroad. CBMI delivered 1,012 training sessions for people going abroad in total in 2011.

In order to ensure the three types of personnel such as major people in charge, people in charge of projects and full time safety production management staff to obtain a certificate for posts, the Company organized relevant employees to participate in relevant training and testing local governmental authorities where the HQ was located at the end of March, and 17 employees who had participated in the training passed the exam and obtained certificates for three types personnel.

CBMI carried out safety production activity in June each year. In 2011, in an even larger scope, CBMI carried out 'safety production' knowledge competition, with competition topic covering laws, regulations, safety technology, safety management, traffic safety and first aids.

The safety management department also started publication of "Safety Briefing", which was released one issue each month, to timely release relevant policies of the State and safety situation, management dynamics, management experience, report of safety accidents for the purpose of increasing the awareness of self-precaution and self-protection in safe production.

CBMI carried out safety production month activities in June each year. In 2011, CBMI held "safety production" knowledge competition in an even larger scope, with competition subjects covering laws and regulations, safety technology, safety management, traffic safety and first aid. In 2011, efforts of CBMI on safety management were fruitful, with various planned indicators finished on schedule; see the following table for details.

Fulfillment Information of Safety Management Goals (Indicators) in 2011

Project	Comparison of Indicators		
	Planned in 2011	Fulfilled in 2011	Fulfilled in 2010
Safety Production Standardization Management Rate of Reaching the Standard: Safe	100%	100%	100%
Covering Rate of Safety Training	100%	100%	100%
Investment Increase of Special Expenditure for Safety Management	5%	4.8%	5%
Incidence Rate of Serious Injury Accident and above	0	0	0
Harmful Working Site Rate of Reaching the Standard after Treatment in Working Environment and Working Conditions	100%	100%	100%
Finishing rate of Rectifying for Accident Potential Hazards	100%	100%	100%
Certificate Holding Rate for Jobs of Special Working Personnel	100%	100%	100%
Passing Rate of Safety Examination	100%	100%	100%
Equipment Availability	97%	96.8%	96.4%

(5) Typical Cases

Impact of safety management was embodied on Albania TTTAN projects concretely. In the safety management of Albania TTTAN project, insite safety, health and environmental protection management complied with European standards, accepting safety audit of the third party in Europe and European Bank for Reconstruction and Development At the beginning of

the project, the safety core goal was set for zero death, zero heavy injury and zero major equipment accident. During construction process, project went through safety audit by the third party for nine times and annual safety and health audit by proprietors' joint-stock banks for twice, to achieve "zero death, zero heavy injury and zero major equipment accident" safety management core goals, and construction safety management was praised by proprietors and awarded additional a slump safety reward.

5. Improve Welfare Security for Employees

In 2011, CBMI continued to pay close attention to workers' welfare and security work, and to keep improving their job security, continuing education opportunities and wage standards.

(1) Sign Labor Contracts

In 2011, under the guidance of relevant laws and regulations and policies, CBMI continued to improve employee recruitment system. The Company adhered to the spirit of non-discrimination "equal pay for equal work" principle and did not employ child labor and forced labor. In 2011, CBMI recruited 69 new employees and all of them signed labor contracts with the company.

(2) Purchase of Insurance

In 2011, the established social security system of CBMI continued to pay the housing provident fund, pension insurance, medical insurance, industrial injury insurance and unemployment insurance for employees. In 2011, CBMI bought the group business health insurance for employees (including external workers), including group accident insurance, group

medical insurance, additional accident, critical illness insurance, and group health insurance hospital.

In 2011, CBMI provided RMB 235,490 Yuan for 571 employees in unexpected injuries insurance. In 2011, CBMI provided RMB 369,747 Yuan for 595 employees in employer liability insurance.

(3) Provide Continuing Education Opportunities

In 2011, CBMI made advance plans and arrangements of continuing education for employees, investing RMB 458,360 Yuan on training and holding 41 trainings for 420 people on vocational and technical, management skills, and cultural qualities and titles, academic training and educational promotion. In 2011, the number of new mid-level engineers was 20, the number of new senior engineer was 12 and that of new professor-level engineer was 5.

In 2011, there was one employee passed registered safety engineer examination and raised the total number of safety engineer in CBMI to 7. There were 4 employees passed first level architect examination and increased the total number of first level architect to 44. 43 employees in operating level and management level obtained special lifting operating permits.

(4) Organize Employees to Do Health Examination

In 2011, CBMI continued to organize all employees in three batches (including retired staff and part subcontracting staff) to do annual health examination, and analyzed the examination results to put forward healthy life and health care advice for the staff.

(5) Improve Welfare and Salaries for Employees

In June 2011, CBMI increased the premium standards for project department in remote areas in China, taking into account district hardship difference.

In October 2011, CBMI adjusted the holiday cycle from 30 days a year to 15 days half a year, reducing the holiday cycle.

Anti-corruption and Anti-commercial Bribes

CBMI's core business was to carry out business activities of project construction and implementation. Various departments shall contact with foreign frequently, and 100% sectors had the risk of corruption and commercial bribery. CBMI's finance, auditing, discipline inspection commissions and other institutions were still major barriers for anticorruption and corruption. All including expense, reimbursement, and settlement shall draw up and implement relative complete management systems. In 2011, CBMI's Tender Committee was operating normally and implemented the bidding management system to control corruptions and commercial bribes effectively from their sources.

In 2011, CBMI organized staff to carry out professional ethics and conduct code training in target as well as anti-corruption educations according to the conditions of project site. In 2011, there was not any corruption and commercial bribery.

Social Welfare and Contribution

In 2011, CBMI had gotten along well with the local government and residents where the projects were operated as ever, actively supporting and participating public welfare projects in HQ and places where projects were operated. CBMI supported and promoted social and economic progress and development both at home and abroad, carrying out student aiding, poverty alleviation and disaster relief donation.

In 2011, CBMI supported the new rural reconstruction with RMB 100,000 Yuan for New Lizhuang Village, Yangguanlin Township, Fengrun District, Tangshan City and Zhuangzi Village, New Juntun Township, Fengshun District, Tangshan City, where CBMI's HQ was located.

On December 06, 2011, the project department of Cyprus contributed funds and donated stationery and sports supplies for Zygi Mapi elementary school where the project was located, and prepared Christmas gifts for the kids, which was warmly welcomed from teachers and students and also appraised highly by local officials. Reporters from Xinhua News Agency participated and reported the donation.

During the execution of Albania TTTAN project, CBMI donated to surrounding schools (The following was the letter of thank from the local government).



REPUBLIKA E SHQIPERISE
KOMUNA THUMANE

Adresa: Thumane - Kripë - Shqipëri Tel. & Fax: ++355 311 247 81 Cel. 068 20 84 213

Nr. 161 Prot.

Thumane, me 26 / 10 / 2015

FALENDERIM

SHOQERISE "CMBI ALBANIA"

FUSHE KRUJE

Komuna Thumane, administrata e komunes, komuniteti mesues - nxenes i Shkolles se Mesme te Bashkuar Thumane, ju shprehin falenderimet me te perzemerta per dhurimin e paisjeve kompjuterike e mjeteve te tjera mesimore, per administraten e komunes dhe shkollen e mesme ne Thumane.

Duke ju falenderuar per zemersisht, ju shprehim mirenjohjen tone me te sinqerte per donacionin Tuaj dhe maredhenjet e shkelqyera mes njesise tone te qeverisjes vendore dhe subjektit Tuaj.

Ju lutem, pranon! Te Nderuar Zoteri!, ndjenjen e konsiderates tone me te larte.

KRYETARI I KOMUNES

Gezim KEQI



Outlook of 2011

In 2012, CBMI would further implement the “Ten Principle” of the “Global Compact”, continue to improve the implementation of social responsibilities and the preparation of annual report as well as further expand the communication and influence of stakeholders.

1. Strengthen Sense of Social Responsibilities among Senior Managers and Common Staff

Firstly, CBMI would continue to fulfill promises to implement social responsibilities, and actively participate in various exchange activities organized by the Global Compact.

Secondly, CBMI would organize learning and education activities on implementation of social responsibilities to improve the sense of social responsibilities for all employees.

Finally, CBMI would facilitate overseas projects to carry out publicizing, inspecting and examining of social responsibilities.

2. Target Management of Energy Saving and Exhaust Reduction

In 2012, CBMI would continue to strengthen management of energy saving, exhaust reduction and environment protection to promote the quality of environment management in the New Year. For further information, see the following table.

Target Project	Target Value in 2012	Target Value in 2011
Equipment utilization Ratio	≥78%	≥79%
Equipment availability	≥95%	≥95%
Comprehensive satisfaction of proprietors	≥90.5%	≥86.5%
Contract compliance rate	100%	100%

Bulk materials and equipment saving control	≤5%	≤5%
Training coverage	100%	100%
Publicity of energy saving and exhaust reduction	100%	100%
Paper consumption	≤98%	≤90%
Electricity consumption	≤99%	≤95%
Utilization rate of steel	≥97%	≥96.5%

Evaluation by the Third Party

Evaluation Opinion of Annual Implementation Report of Social Responsibilities of CBMI in 2011

I carefully read “annual implementation report of social responsibilities of CBMI in 2011” (hereafter called “report”), and hereby evaluated as follows:

1. Report Characteristics

Fully embodying industrial properties. Responsibility field in the report covered economy, environment and society, and fully highlighted industrial practices of CBMI and annual features in 2012, making the report a good representative.

Actively responding to social concerns. The report actively responded to hot fields and responsibility issues of CBMI, paid close attention by all walks of life in 2012 such as shareholders, clients, suppliers and local communities, showing active environmental impact and social impact, and embodying CBMI’s active attitude of being responsible to the stakeholders.

Rich and accurate dates. The report disclosed a lot of rich and accurate data through comparison of target practices and annual longitudinal comparison, fully and vividly elaborating detailed results on implementing social, economic and environmental responsibilities in favor of improving substantive and effectiveness of communication of the report.

2. Report Evaluation

All in all, the report fully showed the fact that CBMI carefully implemented the national principles and policies, and continued to center on globalization, scalization and relevant pluralism themes, doing a good job in cement project proprietors and business pluralism development, and

actively implemented social responsibilities to stakeholders such as the state, public and employees, fully playing a role in leading and promoting all-round, coordinated and sustainable development for the economy, society and environment.

The report, clear in logic and rich in content, was a readable report of social responsibilities of high level, which was in compliance with international mainstream standards and requirements of the guide, and could lead the development direction of the industrial social responsibilities.

3. Advice for Improvement

We advised that CBMI make further efforts in the following aspects to further improve results of social responsibilities and expand its influence:

Strengthen training and publicity on social responsibility ideas, in order to make responsibility idea in-depth in the minds of all employees and carried out in daily life.

Enhance management of social responsibilities and consummate management system of social responsibilities and in-depth promote social responsibility work of CBMI.

Strengthen communication and participation of the stakeholders and organize social responsibility publicity activities in various forms, so as to improve the influence of responsibilities of CBMI.

Former director of UN Global Compact Board of Directors

Director of Beijing RongZhi Corporate Social Responsibility Institute:

Chen Ying



Information Feedback Form

Feedback Person		Work Unit	
Theme Involved with Feedback			
Feedback Content			
Seal	Signature (Official Seal): Date: MM DD YY		
Contact	Telephone:	MSN:	QQ:

Note: If the form has been filled, facsimile to 0086-315-322104 or express delivery Yang Jing, No.7 Xingfu Road, Fengrun District, Tangshan P.C.: 063030