Materials
Bring a Prosperous Life
Annual Report 2015

China National Materials Company Limited

A joint stock company incorporated in the People's Republic of China with limited liability
(Stock Code: 01893)

CONTENTS

CORPORATE INFORMATION

As at 31 December 2015

DIRECTORS

Executive Directors

LIU Zhijiang *(Chairman)*
PENG Jianxin *(President)*

Non-executive Directors

YU Shiliang
LI Xinhua *(Vice-chairman)*
LI Jianlun
YU Guobo
TANG Baoqi

Independent Non-executive Directors

LEUNG Chong Shun
LU Zhengfei
WANG Shimin
ZHOU Zude

Supervisors

XU Weibing *(Chairman)*
ZHANG Renjie[1]
WANG Jianguo
WANG Yingcai
QU Xiaoli

STRATEGY COMMITTEE

LIU Zhijiang *(Chairman)*
YU Shiliang
LI Xinhua
PENG Jianxin
LI Jianlun
YU Guobo
ZHOU Zude

AUDIT COMMITTEE

LU Zhengfei *(Chairman)*
WANG Shimin
YU Shiliang

REMUNERATION COMMITTEE

WANG Shimin *(Chairman)*
LEUNG Chong Shun
LU Zhengfei

NOMINATION COMMITTEE

LIU Zhijiang *(Chairman)*
WANG Shimin
ZHOU Zude

SECRETARY TO THE BOARD

GU Chao

JOINT COMPANY SECRETARIES

GU Chao
YU Leung Fai *(HKICPA, AICPA and CPAA)*

AUTHORISED REPRESENTATIVES

LIU Zhijiang
YU Leung Fai *(HKICPA, AICPA and CPAA)*

REGISTERED OFFICE AND PLACE OF BUSINESS

11 Beishuncheng Street
Xizhimennei
Xicheng District
Beijing 100035, the PRC

PLACE OF BUSINESS IN HONG KONG

7th Floor, Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong

LEGAL ADVISORS

DLA Piper *(as to Hong Kong law)*
Jia Yuan Law Firm *(as to PRC law)*

AUDITORS

Hong Kong auditor
SHINEWING (HK) CPA Limited

PRC auditor
ShineWing Certified Public Accountants LLP

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

01893

COMPANY WEBSITE

http://www.sinoma-ltd.cn

INVESTOR CONTACT

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Fax: (8610)8222 8800
E-mail:ir@sinoma-ltd.cn

1 Mr. ZHANG Renjie resigned as the Supervisor on 29 March 2016, for details of which please refer to the announcement of the Company published on 29 March 2016 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

CORPORATE PROFILE

China National Materials Company Limited is a joint stock company approved by the State-owned Assets Supervision and Administration Commission of the State Council and established jointly by China National Materials Group Corporation Ltd. and other promoters. The Company was incorporated on 31 July 2007 and was listed on the Main Board of the Hong Kong Stock Exchange on 20 December 2007.

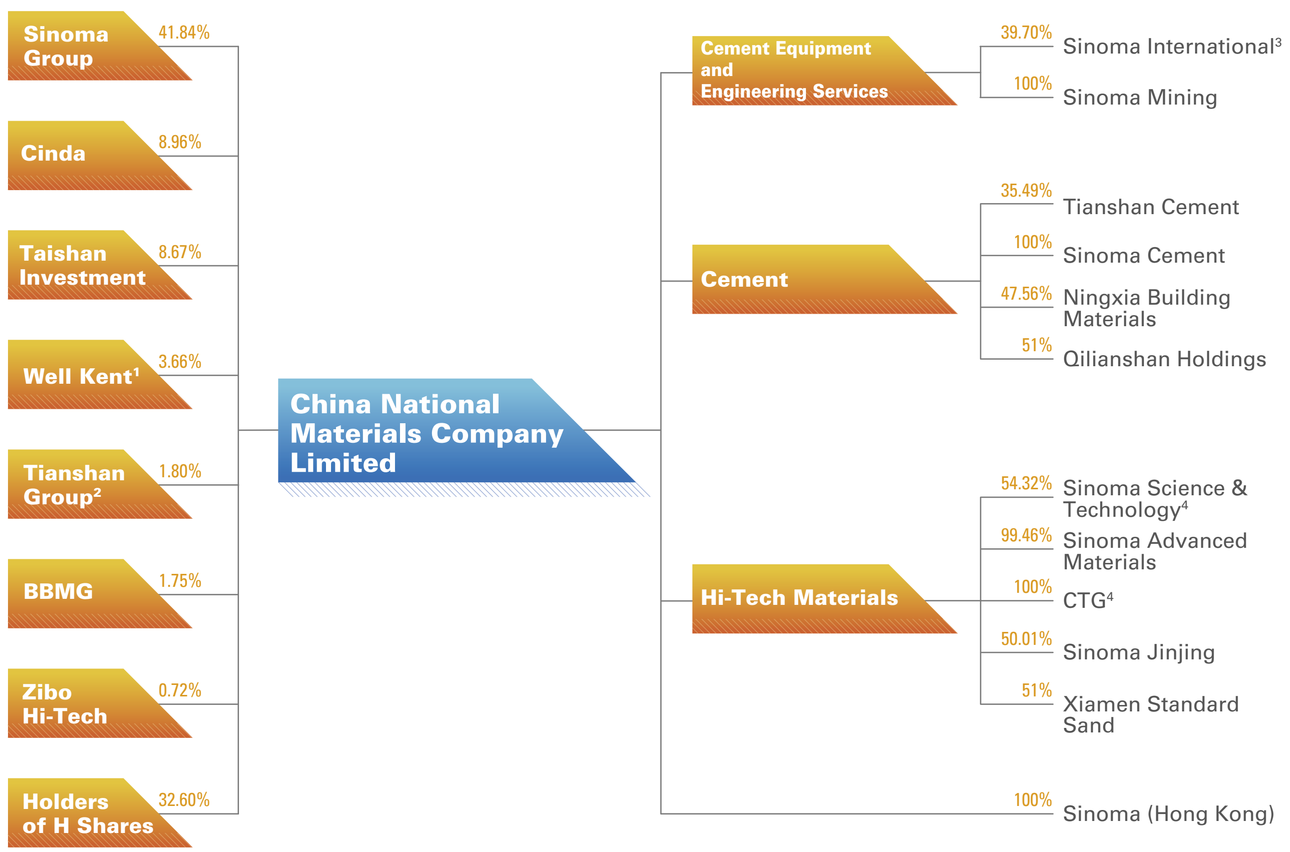
The Company is mainly engaged in cement equipment and engineering services, cement and high-tech materials businesses. The Company possesses series of core technologies such as glass fiber, composite materials, synthetic crystals, advanced ceramics and new dry process cement technology, with pioneering research and development capabilities, strong implementation capability for commercialisation of innovative technologies, successful mergers and acquisitions experience and unique business model.

The Company is the largest provider of cement equipment and engineering services globally and is a leading producer of non-metal materials in the PRC. The Company is the only enterprise in the non-metal materials industry in the PRC with a business model that integrates research and development, industrial design, equipment manufacturing, engineering and construction services and production.

The Company is committed to maintaining sustainable development for the long term and continuously creates value for all our stakeholders including Shareholders, customers, employees and the society. The Company upholds our positioning as an innovative, international and value-added enterprise. We strive to become the leading provider of technology, core equipment and engineering and system integration services in the global cement engineering industry and to become a prominent developer and provider of non-metal materials and related products globally.

CORPORATE STRUCTURE

As at 31 December 2015



Notes:

1. Well Kent is a wholly-owned subsidiary of Cinda.

2. Sinoma Group holds 50.95% equity interest in Tianshan Group.

3. On 29 May 2015, Sinoma International entered into an asset purchase agreement with the original shareholders (the "Vendors") of Anhui Jieyuan Environmental Protection Technology Co., Ltd. ("Anhui Jieyuan"), pursuant to which, Sinoma International has agreed to acquire and the Vendors have agreed to sell 100% equity interest in Anhui Jieyuan, the consideration for which shall be satisfied by issuance of 76,208,025 consideration shares by Sinoma International to the Vendors. The registration formalities of such consideration shares issued by Sinoma International with the Shanghai branch of China Securities Depository and Clearing Co., Ltd were completed on 20 November 2015. Therefore, the proportion of shares held by the Company in Sinoma International has declined from 42.46% to 39.70%. On 29 May 2015, Sinoma International also resolved to issue no more than 64,516,129 subscription shares for raising a maximum raised funds of RMB1,000,000,000 in aggregate by way of non-public offer. Up to the date of this report, the issuance of such subscription shares has not been completed yet. Details of the transaction are set out in the announcements of the Company dated 29 May 2015 and 25 November 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

4. On 21 August 2015, the Company entered into an asset purchase agreement with Sinoma Science & Technology and carried out adjustments to the transaction scheme on 13 October 2015, pursuant to which, the Company has agreed to dispose and Sinoma Science & Technology has agreed to acquire 100% equity interests in CTG, the aggregate consideration for which shall be satisfied by issuance of approximately 268,699,120 consideration shares by Sinoma Science & Technology to the Company. Sinoma Science & Technology also resolved to issue by way of non-public offer no more than 151,300,880 subscription shares. Upon the completion of the above transaction (assuming all aforesaid shares will be fully issued), the Company will hold 59.27% equity interest in Sinoma Science & Technology, and CTG will become a wholly-owned subsidiary of Sinoma Science & Technology. Details of the transaction are set out in the announcements of the Company dated 21 August 2015, 13 October 2015, 30 October 2015 and 20 November 2015 respectively on the websites of the Hong Kong Stock Exchange and the Company, as well as in the circulars of the Company dated 25 August 2015 and 14 October 2015 respectively on the websites of the Hong Kong Stock Exchange and the Company, respectively. Up to the date of this report, the registration regarding change of equity in CTG has been completed.

The above chart covers first-tier subsidiaries only. Subsidiaries on second-tier and below are not listed.

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
		(Audited)	*(Audited)*	*(Restated)*[2]	*(Restated)*[1]
Turnover	**53,258.87**	55,284.82	52,081.32	46,187.07	50,718.59
Profit for the year	**988.06**	1,315.63	1,465.41	1,545.84	3,964.50
Profit for the year attributable to owners of the Company	**772.12**	507.16	397.51	452.29	1,462.57
Earnings per Share – Basic (RMB)	**0.22**	0.14	0.11	0.13	0.41

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
		(Audited)	*(Audited)*	*(Restated)*[2]	*(Restated)*[1]
Total assets	**103,397.60**	99,904.60	94,512.03	88,004.71	79,746.88
Total liabilities	**69,755.32**	68,884.41	66,343.88	60,707.49	55,963.82
Equity attributable to owners of the Company	**15,185.28**	13,819.80	11,405.24	11,477.77	10,978.01
Equity per Share (RMB)	**4.25**	3.87	3.19	3.21	3.07

Notes:

1. The figures for 2011 have been restated due to the completion of acquisitions of Nanjing Cement Industry Design & Research Institute Co., Ltd., Sinoma Asset Management (Suzhou) Company Limited, and Tangshan Sinoma Property Management Company Limited during 2012, which were under common control.

2. The figures for 2012 have been restated due to the completion of acquisitions of Handan Sinoma Asset Management Co., Ltd., Chengdu Cement Industry Design & Research Institute Co., Ltd., Tianjin Sinoma Asset Management Company Limited, China Building Materials Industry Construction Tianjin Engineering Co., Ltd., Suzhou Design and Research Institute of Non-metallic Minerals Industry Co., Ltd. and Nanjing Fiberglass Research & Design Institute Co., Ltd. (all were under common control), the change from proportion consolidation to equity method of accounting of jointly controlled entities and the adjustment of defined benefit obligations during 2013.

BUSINESS SUMMARY

Cement Equipment and Engineering Services

	2015	2014	Change (%)
Amount of new order intakes (RMB million)	**33,632**	29,486	14.06
Amount of backlog (RMB million) – as at 31 December	**68,028**	58,280	16.73

Cement

	2015	2014	Change (%)
Sales volume of cement ('000 tonnes)	**73,154**	75,645	-3.29
Sales volume of clinker ('000 tonnes)	**7,550**	8,750	-13.71

High-tech Materials

	2015	2014	Change (%)
Sales volume of glass fiber and products ('000 tonnes)	**532**	498	6.83
Sales volume of fan blades for wind power generators (set)	**3,945**	2,696	46.33
Sales volume of solar-energy fused silica crucibles (unit)	**109,130**	61,982	76.07
Sales volume of natural gas cylinders (unit)	**154,886**	246,340	-37.13

Dear Shareholders,

On behalf of the Board, I would like to present to you the annual report and the results of the Company for 2015, and report to you on the key development of the Company for 2016.

The global economy was still under a deep adjustment in 2015. The momentum of overall economic recovery was unstable in the developed countries. The emerging economies had an obvious pattern of differentiation. Owning to the factors such as sluggish demand and fluctuating currency, this year has witnessed the biggest drop in the global trade since the financial crisis 2008. The domestic economy has entered into a period of "new normal", where economic growth gradually slowed down, the increase in the investment of fixed assets further decelerated, the realty market entered into the period of adjustment, and the domestic demand was weak. Enterprises, on the other hand, faced the pressure of overcapacity, high cost, low price and heavy debt. The Company has taken the initiative to adapt to the "new normal" of the economy, responded to the fierce and complex business environment proactively, putting forward reform and creation continuously, as well as speeded up the adjustment in industrial structure, transformation and upgrading. The Company has also made effort to avoid risks, constantly improved a high quality of development and maintained stable operation in terms of production and operation.

During the Reporting Period, turnover of the Group was RMB53,258.87 million, representing a year-on-year decrease of 3.66%. Profit for the year was RMB988.06 million, representing a year-on-year decrease of 24.90%. Profit for the year attributable to owners of the Company was RMB772.12 million, representing a year-on-year increase of 52.24%. Earnings per share of the Company amounted to RMB0.22, representing a year-on-year increase of 57.14%

CEMENT EQUIPMENT AND ENGINEERING SERVICES

During the Reporting Period, the segment overcame the impact of negative factors including the weak economic recovery, the slowdown of domestic economic recovery, the decelerated increase in investment in fixed assets and the overcapacity in the building material industry. The Company deployed the international market in depth, making arrangements along "One Belt One Road" area and in other potential markets such as South America and India as well as creating a new business model. New contracts amounted to RMB33.6 billion, including overseas contracts amounting to RMB28.5 billion. The amount of overseas contracts executed reached the highest in record.

CEMENT

The segment faced the unfavourable factors such as challenges of the decelerated growth of domestic fixed assets and realty investment, the overcapacity of cement, the decline of price and the negative growth in demand during the Reporting Period. To face the challenges, the segment accelerated the elimination of backward production capacity, proactively promoted the transformation and the upgrade of the cement production line and continuously enhanced the level of energy conservation and emission reduction. The sales cost of cement per tonne has decreased by nearly RMB18 through tightening the cost control and increasing the cost efficiency. The segment also strengthened the financial management, actively reduced the inventory and enhanced the effort in capital recycling. The segment consolidated the existing regional control meanwhile seeking to invest in overseas cement industry. During the Reporting Period, the segment accelerated the preparatory work in cement projects in various regions around the world.

HIGH-TECH MATERIALS

During the Reporting Period, the segment captured the timing of the favourable opportunity in the market rebound to proactively expand markets, advocate innovation, improve the technologies, adjust product structures, strengthen cost control and improve the product quality continuously. The segment also constantly rose its competitiveness and profitability. The year-on-year growth in the sales of wind power fan blades was 46.33%, while the year-on-year growth in sales income was 61.03%. The year-on-year increase in the sales of glass fiber and products was 6.83%, and the year-on-year increase in gross margin was 3.69 percentage points. The continuous increase in product quality of the solar-energy fused silica crucibles led to a year-on-year sale increase of 76.07% and a year-on-year gross margin growth of 19.18 percentage points.

PROSPECT

The Company will face a fiercer and more complex production and operation situation in 2016. The world economy will remain sluggish in recovery, with the continuing "low growth, imbalance and high risk" momentum. The Chinese economy is under the transformation of economic structure, growth impetus and the development methods. The downslide of economic development and the profit of industrial enterprises have not yet been fundamentally recovered. The contradiction of sluggish demand, overcapacity, decrease in price and the rigid increase in cost will still be outstanding. Looking in the positive factors, the fundamentals of Chinese economic development is in a positive outlook in the long- term with high potential, toughness and considerable leeway. Together with the gradually deepening structural reform, supply-side reform, financial system reform and the reform of state-owned assets and state-owned enterprises, the implementation of national strategies such as "Made in China 2025", "International Industrial Capacity Cooperation", "Business Startups and Creativity for the Public" and "Overseas Expansion" will provide favorable external conditions and opportunities for the development of the Company. The Company will seize the market opportunities with mode transformation, structural adjustment, reform promotion, creativity encouragement, quality improvement, efficiency boost and risk control as the primary focus, exert its advantages as well as accelerate the implementation of the strategy of internalization, so as to realize steady increase in operating results.

CEMENT EQUIPMENT AND ENGINEERING SERVICES

The segment will seize the opportunities of the implementation of "One Belt One Road" and "International Industrial Capacity Cooperation" by the nation. Exerting the strength of the brand, it will accelerate the footsteps of "Overseas Expansion", strength the setting in the "One Belt One Road" area and take initiatives to widen the overseas market and to explore the potential of the South American region and Central Asia. The segment will also expand multiple services including the low-carbon environment protection industry, the production service, the high-end equipment manufacturing and the contract managing service. The segment will strengthen the standard of engineering projects and budget management, boost the meticulous management level and rise the profit level and market competitiveness continuously.

CEMENT

The segment will fully implement the spirit of supply-side structural reform to close down and eliminate all production lines which are not competitive and in continuous loss. The segment will strengthen the internal resource integration and develop an operating model which is in pattern and efficient. It will accelerate the technological reformation, optimize the production process, focus on energy conservation, emission reduction and cost reduction, improving productivity and profitability. It will expand its market more aggressively and increases its control over regional market constantly. Meanwhile, it will speed up the "Overseas Expansion" pace and take the initiative to increase overseas investment.

HIGH-TECH MATERIALS

In a market-oriented approach, the segment will strengthen the research, development and design of products so as to stay competitive with products of high quality and large variety. By consolidating internal resources, it will develop a complete industrial chain by accelerating the construction of the platform of research, development, manufacture and application for glass fiber and the composite materials. It will combine elements such as technology, management as well as capital and human resources to press ahead innovation impetus, maximize the supporting role of technological innovations to industrial development and advance the industrialization of technological achievements. It will take initiatives to develop overseas market and accelerate overseas investment so as to realize the "Overseas Expansion" of the fiber glass, rock wool and other related industries as soon as possible.

On behalf of the Board, I would like to express my heartfelt gratitude to all the shareholders, investors and customers for your long-term care and support to the Company and also appreciate the management and all staff for their dedication and hard work for the Group's rapid growth.

LIU Zhijiang
Chairman of the Board

29 March 2016

BUSINESS REVIEW

Overview

The Company, being the largest cement equipment and engineering services provider in the world, as well as a leading producer of non-metal materials in China, is principally engaged in three business segments, namely cement equipment and engineering services, cement and high-tech materials.

CEMENT EQUIPMENT AND ENGINEERING SERVICES

Industry Review

The world political situation is in a turmoil during the Reporting Period. The world economies incurred more uncertainties and the differentiation in economic growth became more apparent. Despite of the mild recovery of the developed world including America and Europe, most of the emerging economies have an obvious slowdown in economic development. Facing the severe downward pressure of the economy, despite of indications of rebound of overseas cement construction market, the kick- off speed of projects is still slow.

The domestic economy has stepped into the "new normal" of restructuring, transformation and upgrading. There was a slowdown of growth in the investment in fixed assets and realty. And with the further drop in demand of the cement market and the serious overcapacity of the cement industry, the cement construction market continued to shrink.

Business Review

Strengthening international marketing efforts constantly and consolidate the market share

During the Reporting Period, the Company made greater effort to develop overseas markets and took the initiatives to develop its market in emerging economies. Arranging for the core countries of "One Belt One Road", the Company deployed in-depth traditional markets such as Africa, the Middle East, Southeast Asia and other traditional markets. The new overseas order intakes for the year amounted to RMB28.5 billion, representing a year-on-year increase of 31%. The international market share of new EPC contracts executed has ranked first globally for eight consecutive years.

As at 31 December 2015, the amount of the backlog of that segment amounted to RMB68.0 billion.

Explore the new business areas and further optimize the business structure

During the Reporting Period, the Company continued its implementation of relevant diversified strategy for development and accelerated the new business development. The Company has made progress in areas such as overseas mergers and acquisitions, customers' services and areas and environment engineering. It finished the Phase II equity delivery of Hazemag, a company in Germany. The skills of mining equipment manufacturing, the brand and marketing competitiveness of Hazemag together with the advantages of the Company in EPC business laid the foundation of entering the areas of manufacturing of mining equipment and metallurgical equipment and widening the international operation for the Company. The acquisition of the Anhui Jieyuan Environmental Protection Technology Co., Ltd. will improve the Company's comprehensive serving capacity and market competitiveness in the field of energy conservation and emission reduction.

Increase research and development investment and accelerate the transformation of scientific and technological achievements

The segment has continued to optimize the research and development system by transforming and applying the technological achievements, enlarge the research and development investment and boost the scientific and technological innovation during the Reporting Period. The projects of "The innovative development of special equipment in the process of co-disposed of urban garbage" and "The research, development and application of structure of the ultra-large cement plant preheater support" were awarded the first price in the technological development category of the national building materials industry. A number of technical developments have been widely applied to the engineering projects and achieved good benefits. The second generation technology of the co-disposal of daily garbage with cement kiln has been successfully applied in the Gezhouba cement plant in Hubei Laohekou. The project of co-disposal of hazardous waste with cement kiln in Liyang is progressing smoothly, and Phase I of the project is nearly completed.

Push forward the meticulous management to increase the profitability

During the Reporting Period, the segment improved the management standard of EPC projects by generating standards in four areas, including cost, schedule, quality and safety, having developed the benchmark management system covering the whole management process of engineering project. Upholding the standards, the Company further enhanced its level of project management and further strengthened its profitability.

CEMENT

Industry Review

During the Reporting Period, owing to the growth slowdown of infrastructure and realty investments as well as the overcapacity of cement, market competition further intensified, the price of cement continued to reduce, and profitability level of the industry significantly decreased. In 2015, national cement production amounted to 2.36 billion tonnes, representing a year-on-year decrease of 5.3% and the first negative growth rate over the past 25 years. The national cement industry realised a total profit amounting to RMB32.97 billion, representing a year-on-year decrease of 58%.

Business Review

Explore the potential, lower the cost and increase the efficiency

During the Reporting Period, the segment continued to strengthen benchmarking management, lowered the cost and enhance the efficiency in-depth, and constantly enhance refined management. While broadening the concentrated procurement and the tendering range on the internet, the segment optimised internal management process, strengthened the cost management and control of all elements and whole process, committed to turning loss and controlling loss, and efficiently lowered the cost. During the Reporting Period, selling cost of cement per tonne decreased by around RMB18 as compared to same period of the prior year.

Optimise structure of the industry and realise sustainable development

During the Reporting Period, the segment continued to enhance the technical reform and upgrade of existing production lines, expedited elimination of backward production capacity, actively promoted the investment layout of abroad industries and continually optimised the structure of the industry so as to realise sustainable development.

Committed to energy conservation and emission reduction, actively perform social responsibilities

During the Reporting Period, the segment emphasized energy conservation and emission reduction, actively adopted new technologies, new processes, continued to lower the energy consumption of the products, raised the standard of emissions, expedited the formation of production means which save resources and are environment-friendly, and maintained the environment of the public community. During the Reporting Period, the coal consumption of cement clinker per tonne decreased by 3.98% with negative growth in the emissions of each pollutants as compared to the same period of last year.

HIGH-TECH MATERIALS

Industry Review

During the Reporting Period, the national wind power industry continued to maintain the strong growth momentum. The newly installed wind power capacity in the year amounted to 32.97 million kilowatt, hitting a record high again for the newly installed wind power capacity. The quantity and price of glass fibre and product both increased, creating a desirable landscape for the industry. In 2015, the production capacity of glass fibre amounted to 3.23 million tonnes, representing a year-on-year increase of 4.87%. The national production capacity of polysilicon amounted to 0.169 million tonnes, representing a year-on-year increase of 21%.

Business Review

Seizing market opportunities to boost product sales and enhance profitability substantially

During the Reporting Period, seizing the market opportunities and capturing market share, the segment took proactive initiatives to boost product sales. The sales of major products and profitability have recorded a substantial increase. Sales volume recorded a year-on-year growth of 46.33%, 6.83% and 76.07% for wind power fan blades, glass fibre and products and solar-energy fused silica crucibles respectively. The gross thereof recorded a year-on-year growth of 1.41 percentage points, 3.69 percentage points and 19.18 percentage points respectively.

Leverage on the strength of technology and strengthen refined management to reduce the cost

The segment leveraged on its strength of technology to strengthen technological innovation through the research and development of resources of fused silica crucibles and technology during the Reporting Period. These obviously increased the product performance and competitiveness. It pushed up the production efficiency and reduced the cost through the strengthening of "fine management" and the optimization of management process. The glass fiber and product business and fused silica crucibles experienced different level of decline in sales cost as compared with the same period of last year.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, to the knowledge of the Directors, there was no non-compliance with any relevant laws and regulations which would have a material impact on the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group always adheres to the philosophy of dual focus on development and the environmental protection. In daily operation, the Group strictly controls the emissions and consumes various resources in a reasonable manner, strictly abides by the law, regulations, standards and other regional specification such as the Environmental Protection Law, the Emission Standard of Air Pollutant for Cement Industry and the Integrated Wastewater Discharge Standard, and has enacted and implemented internal specifications including the Implementation Rules of Annual Performance Evaluation, to minimize the impacts of production and operation on the ecological system through multi-pronged approach of the management of emittance, sewage treatment, waste emissions and disposal and the usage of resource. During the Reporting Period, the Group took the initiative of technological transformation and elimination of the backward production capacity, and had a significant achievement in emission reduction.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group committed to maintaining the long-term sustainable development, to constantly creating value for employees and customers, and to maintaining a good relationship with suppliers. The Group deeply understands that employees are valuable assets, the realization and enhancement of the employee value would help the Group achieve its overall goals. During the Reporting Period, the Group provided extensive social security benefits for its employees, initiated the activeness of employees while enhancing their sense of belonging. The Group also understands that the good relationship with suppliers and customers would be critical to the overall development of the Group. The Group emphasized the selection of suppliers, encouraged fairness and open competition, built long-lasting partnership with quality suppliers based on mutual trust. To maintain the competitiveness of the brand and products of the Group, the Group adopted a principle of honesty and trust-worthiness, was committed to persistently offering quality products to customers and to building a reliable serving environment for customers.

FINANCIAL REVIEW

	Year ended 31 December 2015 *RMB million*	Year ended 31 December 2014 *RMB million*	Change *RMB million*	%
Turnover	**53,258.87**	55,284.82	(2,025.95)	(3.66)
Cost of sales	**(44,372.04)**	(45,230.94)	858.90	(1.90)
Gross profit	**8,886.83**	10,053.88	(1,167.05)	(11.61)
Other gains	**1,413.29**	1,377.41	35.88	2.60
Selling and marketing expenses	**(2,040.55)**	(1,847.43)	(193.12)	10.45
Administrative expenses	**(4,875.08)**	(5,360.13)	485.05	(9.05)
Exchange gain (loss)	**121.36**	(42.88)	164.24	–
Other expenses	**(154.64)**	(93.46)	(61.18)	65.46
Operating profit	**3,351.21**	4,087.39	(736.18)	(18.01)
Interest income	**177.31**	121.67	55.64	45.73
Finance costs	**(2,057.76)**	(2,165.07)	107.31	(4.96)
Share of results of associates	**29.40**	74.39	(44.99)	(60.48)
Shares of results of joint ventures	**(13.06)**	(84.70)	71.64	(84.58)
Profit before tax	**1,487.10**	2,033.68	(546.58)	(26.88)
Income tax expense	**(499.04)**	(718.05)	219.01	(30.50)
Profit for the year	**988.06**	1,315.63	(327.57)	(24.90)
Profit for the year attributable to:				
Owners of the Company	**772.12**	507.16	264.96	52.24
Non-controlling interests	**215.94**	808.47	(592.53)	(73.29)
Dividends	**107.14**	107.14		

RESULTS PERFORMANCE

During the Reporting Period, profit before tax of the Group was RMB1,487.10 million, representing a year-on-year decrease of 26.88%. Profit for the year attributable to owners of the Company was RMB772.12 million, representing a year-on-year increase of 52.24%. Earnings per share of the Company was RMB0.22.

Consolidated Operating Results

The financial information for the segments presented below is before elimination of inter-segment transactions and before unallocated expenses.

Turnover

Turnover of the Group in 2015 was RMB53,258.87 million, representing a decrease of 3.66% as compared with RMB55,284.82 million in 2014. The decrease was mainly due to the decline in both prices and sales volume of cement segment. In particular, turnover of the cement equipment and engineering services segment, cement segment and high-tech materials segment decreased by RMB298.35 million, decreased by RMB4,497.20 million and increased by RMB1,763.69 million, respectively.

Cost of Sales

Cost of sales of the Group in 2015 was RMB44,372.04 million, representing a decrease of 1.90% as compared with RMB45,230.94 million in 2014. The decrease was mainly due to the decrease in sales volume of products of cement segment. In particular, cost of sales of the cement equipment and engineering services segment, cement segment and high-tech materials segment decreased by RMB394.78 million, decreased by RMB2,311.28 million and increased by RMB1,008.87 million, respectively.

Gross Profit and Gross Profit Margin

Gross profit of the Group in 2015 was RMB8,886.83 million, representing a decrease of 11.61% as compared with RMB10,053.88 million in 2014. In particular, gross profit of the cement equipment and engineering services segment, cement segment and high-tech materials segment increased by RMB96.43 million, decreased by RMB2,185.92 million and increased by RMB754.82 million, respectively.

Gross margin of the Group in 2015 was 16.69%, representing a decrease of 1.50 percentage points as compared with 18.19% in 2014.

Other Gains

Other gains of the Group in 2015 were RMB1,413.29 million, representing an increase of 2.60% as compared with RMB1,377.41 million in 2014. The increase was mainly due to the gains from the disposals of a portion of available-for-sale financial assets of the Company and its subsidiaries during the year.

Selling and Marketing Expenses

Selling and marketing expenses of the Group in 2015 were RMB2,040.55 million, representing an increase of 10.45% as compared with RMB1,847.43 million in 2014. The increase was mainly due to the consolidation of Hazemag, a company in Germany, into the cement equipment and engineering services segment and the increase in sales volume of products of the high-tech materials segment. In particular, selling and marketing expenses of the cement equipment and engineering services segment, cement segment and high-tech materials segment increased by RMB83.34 million, increased by RMB33.75 million and increased by RMB76.05 million, respectively.

Administrative Expenses

Administrative expenses of the Group in 2015 were RMB4,875.08 million, representing a decrease of 9.05% as compared with RMB5,360.13 million in 2014. The decrease was mainly due to the decrease in impairment loss recognised in respect of assets. In particular, administrative expenses of the cement equipment and engineering services segment, cement segment and high-tech materials segment decreased by RMB376.32 million, decreased by RMB166.56 million and increased by RMB136.84 million, respectively.

Exchange Gain (Loss)

Exchange gain of the Group in 2015 was RMB121.36 million, representing an increase of RMB164.24 million as compared with the exchange loss of RMB42.88 million in 2014. The increase was mainly attributable to the exchange gain of foreign currency assets due to the RMB depreciation during the year.

Other Expenses

Other expenses of the Group in 2015 were RMB154.64 million, representing an increase of 65.46% as compared with RMB93.46 million in 2014. The increase was mainly due to the disposal loss arising from acquisitions of subsidiaries, which were deemed as disposals of available-for-sale financial assets and interests in associates previously held by the Group.

Operating Profit and Operating Profit Margin

Operating profit of the Group in 2015 was RMB3,351.21 million, representing a decrease of 18.01% as compared with RMB4,087.39 million in 2014. In particular, operating profit of the cement equipment and engineering services segment, cement segment and high-tech materials segment increased by RMB551.93 million, decreased by RMB2,491.25 million and increased by RMB688.03 million, respectively.

Operating profit margin in 2015 was 6.29%, representing a decrease of 1.10 percentage points as compared with 7.39% in 2014.

Interest Income

Interest income of the Group in 2015 was RMB177.31 million, representing an increase of 45.73% as compared with RMB121.67 million in 2014. The increase was mainly due to the increase in deposits.

Finance Costs

Finance costs of the Group in 2015 were RMB2,057.76 million, representing a decrease of 4.96% as compared with RMB2,165.07 million in 2014. The decrease was mainly due to the decline in interest rates of financing activities.

Share of Results of Associates

Share of results of associates of the Group in 2015 was RMB29.40 million, representing a decrease of 60.48% as compared with RMB74.39 million in 2014. The decrease was mainly due to the year-on-year decline in the earnings from the associates and the transformation of Jiugang (Group) Hongda Building Materials Co., Ltd. from an associate into a subsidiary.

Share of Results of Joint Ventures

Share of results of joint ventures of the Group in 2015 was a loss of RMB13.06 million, representing a decrease of 84.58% as compared with a loss of RMB84.70 million in 2014. The decrease was mainly due to the significant decrease of loss incurred by PPG Sinoma Jinjing Fiberglass Co., Ltd. as a major joint venture before the end of the year.

Income Tax Expense

Income tax expense of the Group in 2015 was RMB499.04 million, representing a decrease of 30.50% as compared with RMB718.05 million in 2014, which is mainly due to the decline in profit of the cement segment.

Profit for the Year Attributable to Non-controlling Interests

Profit for the year attributable to non-controlling interests of the Group in 2015 was RMB215.94 million, representing a decrease of 73.29% as compared with RMB808.47 million in 2014, mainly due to the significant decline in results of the cement segment.

Profit for the Year Attributable to Owners of the Company

Profit for the year attributable to owners of the Company in 2015 was RMB772.12 million, representing an increase of 52.24% as compared with RMB507.16 million in 2014, mainly due to the substantial increase in results of the subsidiaries with higher shareholding in the high-tech materials segment and the cement equipment and engineering services segment and gains from the disposals of a portion of available-for-sale financial assets of the Company.

Segment Results

The financial information for each segment presented below is before elimination of inter-segment transaction and before unallocated expenses.

Cement Equipment and Engineering Services

	2015 ***RMB million***	2014 *RMB million*	Change *%*
Turnover	**24,807.29**	25,105.64	(1.19)
Cost of sales	**22,034.09**	22,428.87	(1.76)
Gross profit	**2,773.20**	2,676.77	3.60
Selling and marketing expenses	**290.27**	206.93	40.27
Administrative expenses	**1,609.81**	1,986.13	(18.95)
Segment results	**1,057.85**	505.92	109.09

Turnover

Turnover of the cement equipment and engineering services segment in 2015 was RMB24,807.29 million, representing a decrease of 1.19% as compared with RMB25,105.64 million in 2014.

Cost of Sales

Cost of sales of the cement equipment and engineering services segment in 2015 was RMB22,034.09 million, representing a decrease of 1.76% as compared with RMB22,428.87 million in 2014.

Gross Profit and Gross Margin

Gross profit of the cement equipment and engineering services segment in 2015 was RMB2,773.20 million, representing an increase of 3.60% as compared with RMB2,676.77 million in 2014. Gross margin of the cement equipment and engineering services segment increased by 0.52 percentage point from 10.66% in 2014 to 11.18% in 2015. The increase was mainly attributable to the increase in the recognised turnover of the contracts denominated by foreign currencies caused by the exchange rate change and the drop in prices of some raw materials.

Selling and Marketing Expenses

Selling and marketing expenses of the cement equipment and engineering services segment in 2015 were RMB290.27 million, representing an increase of 40.27% as compared with RMB206.93 million in 2014, mainly due to the consolidation of the selling and marketing expenses of Hazemag that was acquired during the year.

Administrative Expenses

Administrative expenses of the cement equipment and engineering services segment in 2015 were RMB1,609.81 million, representing a decrease of 18.95% as compared with RMB1,986.13 million in 2014. The decrease was mainly due to the decrease in impairment loss recognised in respect of assets.

Segment Results

Results of the cement equipment and engineering services segment in 2015 were RMB1,057.85 million, representing an increase of 109.09% as compared with RMB505.92 million in 2014. The increase was mainly due to the decrease in impairment loss recognised in respect of assets, the increase in exchange gain and the rise in gross margin.

Cement

	2015 ***RMB million***	2014 *RMB million*	Change *%*
Turnover	**18,821.35**	23,318.55	(19.29)
Cost of sales	**15,370.65**	17,681.93	(13.07)
Gross profit	**3,450.70**	5,636.62	(38.78)
Selling and marketing expenses	**1,245.18**	1,211.43	2.79
Administrative expenses	**2,000.24**	2,166.80	(7.69)
Segment results	**731.90**	3,223.15	(77.29)

Turnover

Turnover of the cement segment in 2015 was RMB18,821.35 million, representing a decrease of 19.29% as compared with RMB23,318.55 million in 2014. The decrease was mainly due to the decrease in both prices and sales volume of the products.

Cost of Sales

Cost of sales of the cement segment in 2015 was RMB15,370.65 million, representing a decrease of 13.07% as compared with RMB17,681.93 million in 2014. The decrease was mainly due to the decrease in both sales volume and unit production costs of the products.

Gross Profit and Gross Margin

Gross profit of the cement segment in 2015 was RMB3,450.70 million, representing a decrease of 38.78% as compared with RMB5,636.62 million in 2014. Gross margin of the cement segment decreased by 5.84 percentage points from 24.17% in 2014 to 18.33% in 2015. The decrease was mainly due to the decrease in product prices.

Selling and Marketing Expenses

Selling and marketing expenses of the cement segment in 2015 were RMB1,245.18 million, representing an increase of 2.79% as compared with RMB1,211.43 million in 2014. The increase was mainly due to the consolidation of selling and marketing expenses of Jiugang (Group) Hongda Building Materials Co., Ltd..

Administrative Expenses

Administrative expenses of the cement segment in 2015 were RMB2,000.24 million, representing a decrease of 7.69% as compared with RMB2,166.80 million in 2014. The decrease was mainly due to the decrease in repair and maintenance expense, staff expense and impairment loss recognised in respect of assets.

Segment Results

Based on the above, results of the cement segment in 2015 were RMB731.90 million, representing a decrease of 77.29% as compared with RMB3,223.15 million in 2014.

High-tech Materials

	2015	2014	Change
	RMB million	*RMB million*	*%*
Turnover	**10,333.80**	8,570.11	20.58
Cost of sales	**7,664.65**	6,655.78	15.16
Gross profit	**2,669.15**	1,914.33	39.43
Selling and marketing expenses	**505.11**	429.06	17.72
Administrative expenses	**1,200.78**	1,063.94	12.86
Segment results	**1,246.63**	558.60	123.17

Turnover

Turnover of the high-tech materials segment in 2015 was RMB10,333.80 million, representing an increase of 20.58% as compared with RMB8,570.11 million in 2014. The increase was mainly due to the significant increase in sales volume and the rise in prices of major products.

Cost of Sales

Cost of sales of the high-tech materials segment in 2015 was RMB7,664.65 million, representing an increase of 15.16% as compared with RMB6,655.78 million in 2014. The increase was mainly due to the significant increase in sales volume of major products.

Gross Profit and Gross Margin

Gross profit of the high-tech materials segment in 2015 was RMB2,669.15 million, representing an increase of 39.43% as compared with RMB1,914.33 million in 2014. Gross margin of the high-tech materials segment increased by 3.49 percentage points from 22.34% in 2014 to 25.83% in 2015. The increase was mainly due to the increase in prices of major products and the decline in unit production costs of glass fiber products.

Selling and Marketing Expenses

Selling and marketing expenses of the high-tech materials segment in 2015 were RMB505.11 million, representing an increase of 17.72% as compared with RMB429.06 million in 2014. The increase was mainly due to the increase in quality guarantee and transportation costs as a result of the increase in sales volume.

Administrative Expenses

Administrative expenses of the high-tech materials segment in 2015 were RMB1,200.78 million, representing an increase of 12.86% as compared with RMB1,063.94 million in 2014. The increase was mainly due to the increase in research and development expenditure.

Segment Results

Results of the high-tech materials segment in 2015 were RMB1,246.63 million, representing an increase of 123.17% as compared with RMB558.60 million in 2014. The increase was mainly due to the significant increase in sales volume and the rise in prices of major products.

Liquidity and Capital Resources

Cash flow:

	2015 ***RMB million***	2014 *RMB million*
Net cash from operating activities	**7,218.48**	5,667.78
Net cash used in investing activities	**(1,611.56)**	(1,676.30)
Net cash used in financing activities	**(2,834.03)**	(1,173.34)
Cash and cash equivalents at the end of the year	**12,951.12**	10,108.92

Net cash from operating activities

Net cash from operating activities increased from RMB5,667.78 million in 2014 to RMB7,218.48 million in 2015. The increase was mainly due to the decrease in trade and other receivables.

Net cash used in investing activities

Net cash used in investing activities decreased from RMB1,676.30 million in 2014 to RMB1,611.56 million in 2015. The decrease was mainly due to the decrease in cash paid for purchase of property, plant and equipment and the increase in proceeds from disposals of available-for-sale financial assets.

Net cash used in financing activities

Net cash used in financing activities increased from RMB1,173.34 million in 2014 to RMB2,834.03 million in 2015. The increase was mainly due to the decrease in net proceeds from borrowings and government contributions.

Working Capital

As at 31 December 2015, the Group's cash and cash equivalents amounted to RMB12,951.12 million (2014: RMB10,108.92 million). Unutilised bank credit facilities amounted to RMB37,736.47 million (2014: RMB36,864.89 million). The current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group as at 31 December 2015 was 77.10% (2014: 79.63%).

The Group monitors its capital status on the basis of the net debt ratio which is calculated as net debt divided by total capital. Net debt is calculated as the total amount of interest-bearing debts (including current and non-current borrowings, short-term financing bills, medium-term notes and corporate bonds as shown in the consolidated statement of financial position) less restricted bank balances and bank balances and cash. As at 31 December 2015, the net debt ratio of the Group was 59.65% (2014: 78.39%).

With stable cash inflow from daily operating activities as well as existing unutilised bank credit facilities, the Group has sufficient financing resources for its future expansion.

Borrowings

As at 31 December 2015, the balance of the Group's borrowings amounted to RMB35,126.24 million.

	31 December 2015 ***RMB million***	31 December 2014 *RMB million*
Short-term borrowings and long-term borrowings due within one year	**15,241.87**	14,695.28
Short-term financing bills	**5,250.00**	6,220.00
Long-term borrowings, net of portions due within one year	**4,877.23**	6,160.75
Corporate bonds	**2,497.99**	2,495.16
Medium-term notes	**7,259.15**	6,257.22
Total borrowings	**35,126.24**	35,828.41

Net Current Liabilities

As at 31 December 2015, the net current liabilities of the Group was approximately RMB13,441.26 million, representing an increase of RMB2,499.42 million as compared with the net current liabilities of RMB10,941.84 million as at 31 December 2014. The increase was mainly due to corporate bonds and part of medium-term notes due in 2016 and the increase in trade and other payables.

Inventory Analysis

As at 31 December 2015, the inventory of the Group was approximately RMB9,377.65 million, representing an increase of RMB474.80 million as compared with RMB8,902.85 million as at 31 December 2014. The inventory turnover days increased from 70.34 days in 2014 to 74.16 days in 2015, mainly attributable to the significant decrease in cost of sales of the cement segment during the year.

Trade Receivables

As at 31 December 2015, the Group's trade receivables was approximately RMB13,450.67 million, representing a decrease of RMB69.69 million as compared with the trade receivables of RMB13,520.36 million as at 31 December 2014. In 2015, the average turnover days of trade receivables of the Group increased by 6.44 days from 84.71 days in 2014 to 91.15 days in 2015. The increase is mainly due to the significant decrease in turnover of the cement segment during the year.

Contract Work-in-Progress

As at 31 December 2015, the Group's contract work-in-progress was approximately RMB244.45 million, representing an increase of RMB6.89 million as compared with the contract work-in-progress of RMB237.56 million as at 31 December 2014.

Pledge of Assets

The Group's property, plant and equipment, prepaid lease payments and trade and other receivables with carrying values of RMB2,475.41 million, RMB421.62 million and RMB800.94 million respectively as at 31 December 2015 were pledged as security (31 December 2014: RMB2,069.53 million, RMB144.58 million and nil respectively).

Contingent Liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

Material Investment

During the Reporting Period, the Company did not make any material investment or have any plan for material investment or purchase of capital asset.

Material Acquisition and Disposal of Assets

On 29 May 2015, Sinoma International entered into an asset purchase agreement with the original shareholders (the "Vendors") of Anhui Jieyuan Environmental Protection Technology Co., Ltd. ("Anhui Jieyuan"), pursuant to which, Sinoma International has agreed to acquire and the Vendors have agreed to sell 100% equity interest in Anhui Jieyuan. The aggregate consideration is RMB1,007,470,100, which shall be satisfied by the issuance of 76,208,025 consideration shares by Sinoma International at an issue price of RMB13.22 per share to the Vendors. Sinoma International also resolved to issue no more than 64,516,129 subscription shares for raising a maximum raised funds of RMB1,000,000,000 in aggregate by way of non-public offer. For further details, please refer to the announcements of the Company published on 29 May 2015 and 25 November 2015 on the website of the Hong Kong Stock Exchange and the Company's website respectively.

On 21 August 2015, the Company entered into an asset purchase agreement with Sinoma Science & Technology, as modified in relation to the transaction scheme on 13 October 2015, pursuant to which, the Company has agreed to dispose and Sinoma Science & Technology has agreed to acquire 100% equity interests in CTG. The aggregate consideration is RMB3,850.4584 million, which shall be satisfied by issuance of approximately 268,699,120 consideration shares at an issue price of RMB14.33 per share by Sinoma Science & Technology to the Company. Sinoma Science & Technology also resolved to issue no more than 151,300,880 subscription shares for raising a maximum raised funds of RMB2,168.1417 million in aggregate by way of non-public offer. On 20 November 2015, as required by the regulatory authorities in the PRC, the Company entered into a relocation agreement with Sinoma Science & Technology and CTG to arrange for the extra profit or loss arising from the possible relocation of the plants located at No. 1 Taibo Revenue of CTG and some of its consolidated subsidiaries in the future. For further details, please refer to the announcements of the Company published on 21 August 2015, 13 October 2015, 30 October 2015 and 20 November 2015 on the websites of the Hong Kong Stock Exchange and the Company, and the circulars dated 25 August 2015 and 14 October 2015 of the Company published on the websites of the Hong Kong Stock Exchange and the Company, respectively.

Save for the matters disclosed above, during the Reporting Period, the Company did not conduct any material acquisition and disposal of assets related to subsidiaries, associates and joint ventures.

Market Risks

The Company is exposed to various types of market risks in the normal course of its business, including contract risk, foreign exchange risk, interest risk and raw materials and energy price risk.

Contract Risks

The international business accounts for a large proportion in the Company's cement equipment and engineering services business, with a long construction period. Furthermore, as the overseas contracts are under the impacts of uncontrollable factors such as the global environment and political and economic conditions of the place of contract performance, certain projects may risk being deferred, modified or terminated.

During the Reporting Period, the Company further enhanced the management of contract risks, standardized contract terms of new order intakes and improved the implementation ability of contracts. The Company cleared out the contracts at hand and had carried out risk prevention plan. For the projects under construction, the Company enhanced assessment of the default in payment of project owners, paid close attention to the project owners' credit status, and conducted periodic settlement for projects in time. The Company will continue to strengthen the above measures in the future to effectively address the contract risks.

Foreign Exchange Risks

The Group conducts its domestic business primarily in RMB, which is also its functional currency. However, overseas engineering projects and export of products are denominated in foreign currencies, primarily US dollars and Euro. Therefore, the Group bears the risks of fluctuations of exchange rate to a certain extent.

Interest Rate Risks

The Group raises borrowings to support general corporate purposes, including capital expenditures and working capital needs. The interest rate of the borrowings is subject to adjustment by its lenders in accordance with changes of the regulations of the People's Bank of China. Therefore, the Group bears the risks arising from the fluctuations in the interest rate of the borrowings.

Raw Materials and Energy Price Risks

Steel, coal, electricity and natural gas, among others, are the main raw materials and energy resources the Company consumes, the price fluctuation of which has a significant impact on the cost of the Company.

EXECUTIVE DIRECTORS

LIU Zhijiang, aged 58, has been an executive Director and chairman of the Board since February 2013. Prior to that, Mr. Liu served as a non-executive Director from July 2007 to February 2013. He has over 30 years of experience in the PRC non-metal materials industry and served a number of key positions in Tianjin Cement Industry Design & Research Institute from August 1982 to May 2005, such as deputy head and head of the institute. He served as a deputy general manager of the Parent from May 2005 to May 2009; a director and general manager of the Parent from May 2009 to January 2013, and has been appointed as the chairman of the Parent since January 2013. Mr. Liu has been serving as a director of Sinoma International (a listed company) since April 2006 and once served as the chairman of the board of Sinoma International from April 2006 to December 2009, and also served as a director of Tianshan Cement (a listed company) from January 2014 to October 2014. Mr. Liu is entitled to a special government allowance provided by the State Council. He was awarded as Provincial Young and Middle Aged Expert with Important Contribution (省部級有重要貢獻的中青年專家), China Engineering Design Master and was included in 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國家級人選). Mr. Liu also serves various positions such as the vice president of China Enterprise Directors Association (中國企業家協會), the executive vice president of China Building Materials Federation (中國建築材料聯合會) and the president of China Building Material Construction Association (中國建材工程建設協會). Mr. Liu graduated from South China University of Technology (華南理工大學) in July 1982, majoring in binding materials. He is a professorate senior engineer.

PENG Jianxin, aged 56, has been an executive Director and president of the Company since October 2014. Mr. Peng has over 30 years of experience in the non-metal materials industry. He was a technician in fourth installation division of the Construction Company of the State Bureau of Building Materials Industry (國家建材局建設公司) from September 1983 to October 1984. Mr. Peng successively served as the section chief, team head, manager assistant, project manager, deputy general manager, etc. of Tangshan Installation Engineering Company (唐山安裝工程公司) from October 1984 to October 2002. Mr. Peng served in CBMI Construction successively as the deputy general manager, general manager and secretary to the Party Committee from October 2002 to March 2006. Mr. Peng served as the vice president of Sinoma International from March 2006 to September 2014. Mr. Peng served as the secretary to the Party Committee, chairman of board of directors and general manager of CBMI Construction from March 2006 to December 2008, and served as the chairman of board of directors of the same from December 2008 to September 2014. Mr. Peng served as the general manager of Tianjin Cement Industry Design & Research Institute Co., Ltd. from September 2010 to September 2012, and served as the chairman of board of directors of the same from September 2012 to September 2014. Mr. Peng has been a director of Sinoma International (a listed company) since September 2014, and a director of Tianshan Cement (a listed company) since April 2015. Mr. Peng graduated with a doctoral degree in management science and engineering from Wuhan University of Technology in December 2006. He is a professorate senior engineer.

NON-EXECUTIVE DIRECTORS

YU Shiliang, aged 61, re-designated as a non-executive Director since February 2013. Mr. Yu served as an executive Director and president of the Company from July 2007 to March 2009, and then was re-designated as a non-executive Director and ceased to be the president of the Company since March 2009. From May 2011 to September 2012, he served as the vice chairman of the Board, and was appointed as an executive Director and chairman of the Board from September 2012 to February 2013. Mr. Yu has worked for over 35 years in the non-metal materials industry. Mr. Yu has held various positions in State Bureau of Building Materials Industry Xianyang Research & Design Institute of Ceramics (國家建材局咸陽陶瓷研究設計院), such as the deputy head and head of the institute from July 1980 to April 1995 and served as the head of State Building Materials Bureau Synthetic Crystals Research Institute (國家建材局人工晶體研究所), currently a subsidiary of the Parent, from April 1995 to April 1997. Mr. Yu served as the general manager of the Parent from April 1997 to October 2000 and served as the deputy general manager of the Parent from October 2002 to November 2007 and has been serving as the vice chairman of the board of the Parent since May 2009. Mr. Yu served as a director of Sinoma Science & Technology, a listed company, from December 2001 to December 2004 and subsequently from March 2008 to September 2014, as a director of BBMG Corporation (a listed company) from October 2012 to June 2014, and has served as a director of Sinoma Finance since April 2013. Mr. Yu was entitled to a special government allowance provided by the State Council. In 2006, he was awarded the fifth National Outstanding Entrepreneur in Innovation. Mr. Yu was elected as the representative to the 16th and 17th National People's Congress of Chinese Communist Party. He graduated from Nanjing University of Technology (南京工業大學) in August 1978, majoring in ceramics. He is a professorate senior engineer.

LI Xinhua, aged 51, was re-designated as a non-executive Director of the Company since October 2014 and has concurrently been the vice chairman of the Company since February 2013. Mr. Li served as the vice president of the Company from July 2007 to October 2009. He served as an executive Director of the Company from December 2009 to October 2014, vice chairman of the Board from December 2009 to May 2011, and president of the Company from January 2011 to October 2014. Mr. Li has over 30 years of experience in the non-metal materials industry. Mr. Li held various key positions, such as vice president and president in Beijing FRP Research and Design Institute (北京玻璃鋼研究設計院), currently a subsidiary of the Parent, from August 1985 to March 2002. Mr. Li was the chairman of the board of Sinoma Science & Technology, an A share-listed company, from May 2003 to May 2013, and served as the president of Sinoma Science & Technology from October 2009 to August 2010. Mr. Li has been serving as a director of the Parent since January 2013 and has served as a general manager of the Parent since February 2013. From May 2011 to October 2012, he served as a director of BBMG Corporation. He served as a director of Sinoma International from July 2011 to September 2014, and a director of Ningxia Building Material from December 2011 to April 2015. He has also served as director of two listed companies, namely, Sinoma Science & Technology and Qilianshan Co. since May 2003 and June 2011 respectively, and has been a director of Sinoma Finance since April 2013. Mr. Li is a National Young and Middle Aged Expert with Important Contribution (國家有突出貢獻的中青年專家) and is entitled to a special government allowance provided by the State Council. Mr. Li currently serves as the vice president of China Building Materials Federation (中國建築材料聯合會), the vice president of Chinese Society for Composite Material (中國複合材料學會), and the vice chairman of Chinese Ceramic Society (中國硅酸鹽學會), etc. Mr. Li graduated with a bachelor's degree in chemical industry from Shandong Institute of Building Materials (山東建材學院) in July 1985. He is a professorate senior engineer.

LI Jianlun, aged 58, has been a non-executive Director since July 2013. Mr. Li has served as the vice general manager of the Parent since April 1997 and as the director of the China Construction Materials and Geological Prospecting Center (中國建築材料工業地質勘查中心), currently a subsidiary body of the Parent, since September 2007. Mr. Li had served in China Construction Materials and Geological Prospecting Center at several positions such as the division head of the personnel division, the division head of the planning division, and the assistant to director from July 1982 to April 1997, served as the director of our predecessor, China National Non-Metallic Materials Corporation from February 2002 to July 2007 and also served as the director of Tianshan Cement from October 2005 to December 2011. Mr. Li graduated from the Department of Economics and Management of Hebei Geological Institute with a bachelor's degree in August 1982. Mr. Li is a senior economist.

YU Guobo, aged 59, has been a non-executive Director since July 2013. Mr. Yu has served as the vice general manager of the Parent since November 1998. Mr. Yu had served in Shandong Industrial Ceramics Research and Design Institute (山東工業陶瓷研究設計院) at several positions such as engineer, vice director and director of research office, vice head and head of the institute from January 1982 to November 1997, and during this period, Mr. Yu was accredited at Italian WELKO Company as the engineer from October 1988 to October 1989. Mr. Yu had served as the vice general manager of China Inorganic Materials Technology Industrial Company (中國無機材料科技實業公司) from November 1996 to November 1998. Mr. Yu has served as a director of Sinoma Energy Conservation Ltd. (a listed company) since December 2013. Mr. Yu graduated from Wuhan University of Technology (武漢理工大學) with a doctor's degree majoring in information management in December 2007. Mr. Yu is a professorate senior engineer and is entitled to a special government allowance provided by the State Council.

TANG Baoqi, aged 56, is a non-executive Director. Mr. Tang has over 30 years of experience in the banking industry and financial industry. Mr. Tang served in various departments in the headquarters of China Construction Bank from August 1983 to June 1999, including the transportation division in the second investment department, the non-industrial division in the investment department, the reserve loan division in the second credit department, the electrical, mechanical and textile division in the credit department and in the planning and finance division in the business department. Mr. Tang served in the debt management department of Cinda from June 1999 to February 2000. Mr. Tang served as the general manager in asset management department of Well Kent International Investment Company Limited from February 2000 to April 2006. From April 2006 to April 2011, Mr. Tang has served as the chief financial officer of Well Kent International Investment Company Limited. Since April 2011, Mr. Tang has served as the deputy general manager of China Cinda (HK) Holdings Company Limited (formerly known as Well Kent International Investment Company Limited). Mr. Tang graduated with a bachelor's degree in economics from the Infrastructure Finance and Credit Faculty of Hubei Institute of Finance and Economics (湖北財經學院) in August 1983. He is also qualified as a senior economist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

LEUNG Chong Shun, aged 50, is an independent non-executive Director. Mr. Leung has been serving as an independent non-executive director of SSY Group Limited (石四藥集團有限公司) (formerly known as Lijun International Pharmaceutical (Holding) Co., Ltd.) since October 2005 and an independent non-executive director of China Communications Construction Company Ltd. (中國交通建設股份有限公司) since January 2011, and served as an independent non-executive director of China Metal Recycling (Holdings) Limited from May 2009 to August 2013. Mr. Leung is a partner of Woo Kwan, Lee & Lo. (胡關李羅律師行), a reputable law firm based in Hong Kong. Mr. Leung became a practicing lawyer since 1991. Mr. Leung graduated from the University of Hong Kong in November 1988 where he obtained a bachelor's degree of Laws with honours and is qualified as a solicitor in both Hong Kong and England.

LU Zhengfei, aged 52, is an independent non-executive Director. Mr. Lu is currently a professor and a supervisor of doctoral students with Guanghua School of Management of the Peking University (北京大學光華管理學院). He is also a consultant to the China Accounting Standards Committee of the Ministry of Finance of the PRC (財政部會計準則委員會), an executive director of the Accounting Society of China (中國會計學會) and deputy head of the financial management committee, and a guest editor of Accounting Research (《會計研究》) and Audit Research (《審計研究》). Mr. Lu has over 20 years of experience in the accounting industry and therefore has gained extensive operational and managerial experience as well as profound knowledge of this field. Mr. Lu served as an independent non-executive director of PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司) from February 2004 to January 2011 and has been serving as an independent supervisor of such company since January 2011. Mr. Lu has been an independent non-executive director of Sinotrans Limited (中國外運股份有限公司) since September 2004, an independent non-executive director of Sino Biopharmaceutical Limited (中國生物製藥有限公司) since November 2005, an independent non-executive director of Lian Life Insurance Company, Ltd (利安人壽保險股份有限公司) since May 2011, an independent non-executive director of Mit Automobile Service Co., Ltd. (an unlisted company) since February 2012 and an independent non-executive director of Bank of China Limited since July 2013. Mr. Lu was selected as one of the "Top 100 Talents Program (百人工程)" in social science theories in Beijing in 2001, one of the "New Century Excellent Scholarship Program (新世紀優秀人才支持計劃)" of the Ministry of Education of the PRC (中國教育部) in 2005, one of the first group candidates for the" National Accounting Training Project in the Full Record of Leading Talent (會計名家培養工程)" of the Ministry of Finance in 2013 and one of the "Specially Appointed Professor of Chang Jiang Scholar (長江學者特聘教授)" of the Ministry of Education in 2014. Mr. Lu graduated with a doctoral degree in economics from Nanjing University (南京大學) in June 1996 and completed the post-doctoral research in economics (accounting) at Renmin University of China (中國人民大學).

WANG Shimin, aged 67, is an independent non-executive Director. Mr. Wang served in the Supreme People's Court of the PRC (最高人民法院) from 1980 to 2008, during which he served various key positions, such as the deputy chief of National Judges College (國家法官學院), the deputy chief of Administration in General Office (辦公廳) of the Supreme People's Court and the chief of Bureau of Justice and Material Administration (司法行政裝備管理局). Mr. Wang graduated with a second bachelor's degree in law from University of Science and Technology Beijing (北京科技大學). He is currently a professor at National Judges College.

ZHOU Zude, aged 70, is an independent non-executive Director. Mr. Zhou is currently a SME fellow, the Chief Professor and supervisor of doctoral students of the School of Mechanical and Electronic Engineering of Wuhan University of Technology (武漢理工大學), a director of the key laboratory of digital manufacturing in Hubei Province (湖北省數字製造重點實驗室), and a Chief Professor in the Mechanical and Electronic Engineering discipline. Mr. Zhou held various positions, such as the lecturer of electric engineering faculty and researcher director of machinery automation of Huazhong University of Science and Technology (華中理工大學), the deputy professor and professor of Mechanical Engineering Faculty Department of Huazhong University of Science and Technology, the vice president of Huazhong University of Science and Technology, the visiting professor of University of Bolton, National University of Singapore, the University of Birmingham and The University of Auckland, from July 1970 to May 2000. From May 2000 to June 2010, Mr. Zhou served as the president of Wuhan University of Technology. Mr. Zhou is a senior member of Chinese Mechanical Engineering Society and American Mechanical Engineering Society. Mr. Zhou is also the chief editor of the magazine "Digital Manufacture Science (《數字製造科學》)", the journal of "natural science of Wuhan University of Technology" and the "International Cogent journal", the director of the International Academy for Production Engineering (國際生產工程學會), the deputy chief editor of the magazines "International Biological Mechanics and Electric and Mechanical Engineering Integration (《國際生物機械與機電一體化》)" and" Chinese Mechanical Engineering (《中國機械工程》)", and a member of the editors of the magazine" International Vibration and Noises (《國際振動與噪聲》)" and the "Mechanical Manufacturing and Engineering Journal (《機械製造工程學報》)". Mr. Zhou is also the vice chairman of the fourth board of the Chinese Mechanical Engineering Magazine Agency. Mr. Zhou graduated from Huazhong University of Science and Technology in July 1970 and majored in electric system automation. Mr. Zhou also attended advanced studies at the University of Birmingham.

SUPERVISORS

XU Weibing, aged 56, is the chairman of the Supervisory Committee of the Company. Ms. Xu has been serving as the chief accountant of the Parent since October 2000 and served as the deputy general manager of our predecessor, China National Non-Metallic Materials Corporation from 2005 to July 2007. Ms. Xu has over 25 years of working experience in financial accounting and capital operation. She joined the Parent in 1989 and has served various key accounting and financial positions. Ms. Xu served as a supervisor of Sinoma Science & Technology (an A share-listed company) from December 2001 to September 2014, and has also been the chairman of Sinoma Finance since April 2013, and a director of Sinoma Energy Conservation Ltd. (a listed company) since December 2013. Ms. Xu is entitled to a special government allowance provided by the State Council. She also serves as the committee member of China Association of Chief Financial Officers, deputy head of Geology Division of China Association of Chief Financial Officers and deputy head of geology sub-committee of the Accounting Society of China. Ms. Xu graduated from Liaoning Finance and Economics Institute (遼寧財經學院) in July 1983, majoring in finance. She is also a senior accountant.

ZHANG Renjie, aged 51, is a Supervisor of the Company. Mr. Zhang has been serving as the chief financial officer of Taian State-owned Assets Management Co., Ltd. since August 2005. Mr. Zhang previously served as a deputy director of the finance division of Taian Fruit Company (泰安市果品公司) from August 1984 to March 1991. He served as the deputy director of finance division and audit division of Taian Machinery and Electronics Administrative Bureau from March 1991 to January 2000. Mr. Zhang served as the manager of the finance and audit department and an assistant to the general manager of Taian State-owned Assets from January 2000 to August 2005. Mr. Zhang graduated in 1997 from Shandong Executive Leadership Academy (山東幹部大學) with a bachelor's degree in accounting. He is also a senior auditor.

WANG Jianguo, aged 59, is a Supervisor of the Company. Mr. Wang is currently a vice chairman of the board of BBMG. Prior to that, he served as the deputy head of Beijing Ceramics Factory (北京市陶瓷廠) from March 1992 to September 1995. Mr. Wang also worked in Beijing Building Material Group Corporation as an operational manager and the vice chairman of the labour union from September 1995 to August 2000, and later became the chairman of the labor union of BBMG since August 2000. Mr. Wang served as a director and chairman of the labour union of BBMG since March 2006, and a director and standing deputy general manager from November 2009 to July 2012, then as the vice chairman of the board of BBMG since July 2012. Mr. Wang graduated from Capital University of Economics and Business (首都經貿大學) in July 1987 and majored in economics. Mr. Wang is currently an economist and senior political engineer.

WANG Yingcai, aged 44, has been a Supervisor since July 2013. Mr. Wang has served as the head of the audit department of the Company since August 2007 and currently as the supervisor of several subsidiaries of the Company. Mr. Wang worked at the finance division of the China Construction Materials and Geological Prospecting Center (中國建築材料工業地質勘查中心) from July 1994 to April 1997, worked at the finance department of the Parent from April 1997 to April 2004, and served as the finance manager and vice chief accountant of Sinoma Jinjing from April 2004 to August 2007. Mr. Wang has served as the chief auditor of the Parent since December 2010 and as the head of the audit department of the Parent since May 2011. Mr. Wang served as the supervisor of Tianshan Cement (an A share-listed company) from September 2009 to December 2011, the supervisor of Qianlianshan Co. (an A share-listed company) from October 2011 to November 2014, and the supervisor of Ningxia Building Materials (an A share-listed company) from December 2011 to April 2015 and has served as the chairman of the supervisory committee of Sinoma Finance since April 2013. In July 2007, Mr. Wang graduated from the Research Institute of the Ministry of Finance with a master's degree majoring in accounting. Mr. Wang is a senior accountant and a registered tax agent.

QU Xiaoli, aged 45, is an employee representative Supervisor of the Company. Mr. Qu has been serving as the head of the finance department of the Company since August 2007. Mr. Qu served in the audit department of China Construction Materials and Geological Prospecting Center (中國建築材料工業地質勘查中心) from July 1995 to November 1999. He also served as the chief accountant of Xiamen Standard Sand from November 1999 to August 2006. Mr. Qu served as a supervisor of Sinoma International from July 2011 to September 2014, a supervisor of Qilianshan Co. from October 2011 to November 2014, and a supervisor of Tianshan Cement and Ningxia Building Materials from December 2011 to April 2015 and has been a supervisor of Sinoma Finance since April 2013. Mr. Qu graduated from Hebei College of Geology (河北地質學院) in July 1995 and majored in accounting. He is also a senior accountant.

SENIOR MANAGEMENT

PENG Jianxin, is the president of the Company, whose details are set out in the section headed"Executive Directors".

YU Mingqing, aged 52, is the vice president of the Company. Mr. Yu worked in Wuhan Building Materials Industry Design and Research Institute (武漢建築材料設計研究院), currently a subsidiary of the Parent, from June 1988 to June 1989. Mr. Yu worked at Shandong Industrial Ceramics Research and Design Institute (山東工業陶瓷研究設計院) from July 1989 to April 2001, where he served various key positions such as vice head and head of the institute. Mr. Yu also served as the head of Sinoma Synthetic Crystals Research Institute (中材人工晶體研究院), currently a subsidiary of the Parent, from May 2001 to November 2005. Mr. Yu served as the chairman of the board of Sinoma Advanced Materials from June 2004 to February 2009, and he had been the deputy general manager of China National Non-Metallic Materials Corporation, our predecessor, since October 2004. Mr. Yu has worked for over 25 years in the non-metallic materials industry and has accumulated extensive knowledge of the industry. He is entitled to a special government allowance provided by the State Council and is a Provincial Young and Middle Aged Expert with Important Contribution (省部級有重要貢獻的中青年專家) and an Outstanding Entrepreneur in the National Building Materials Industry (全國建材行業優秀企業家). Mr. Yu also serves as the member of China Building Materials Federation and member of the State Construction Material Industry Technology Education Committee. Mr. Yu graduated from Wuhan University of Technology (武漢理工大學) in January 2003, majoring in materials and holds a doctorate degree in engineering. Mr. Yu is currently a professorate senior engineer.

GU Chao, aged 55, is the vice president of the Company, and was appointed as the secretary to the Board of the Company in July 2010. Mr. Gu joined China Building Materials Industry Construction Corporation (中國建築材料工業建設總公司), our predecessor, in 1989, where he served various senior managerial positions in production, business development and overseas engineering departments. Mr. Gu served as a deputy general manager of our predecessor China National Non-Metallic Materials Corporation since September 2000, and has been a director of Sinoma International since September 2015. Mr. Gu has over 25 years of work experience in the non-metallic materials industry and has profound understanding of this industry in China. Mr. Gu graduated from Xi'an University of Architecture and Technology (西安冶金建築學院) in July 1982, majoring in constructions. Mr. Gu is currently a professorate senior engineer.

SU Kui, aged 53, is the vice president of the Company. Mr. Su has extensive experience in corporate investment, operation and management, and has more than 25 years of experience in the non-metallic materials industry. Mr. Su joined the Parent in 1987 and held various positions such as manager of the general planning department, manager of finance department, manager of planning and technical department and assistant to the general manager of the Parent. Mr. Su had been serving as the deputy general manager of our predecessor, China National Non-Metallic Materials Corporation, since March 2002 and was the secretary of the Board of the Company from July 2007 to July 2010. Mr. Su is also a member of the State Construction Material Industry Technology Education Committee (國家建築材料工業科技教育委員會), standing director of Chinese Ceramic Society (中國硅酸鹽學會) and honorary director-general of Non-metallic Minerals Branch (非金屬礦分會). Mr. Su graduated from Wuhan University of Technology (武漢理工大學) in July 1984, majoring in non-metals mining. He is currently a professorate senior engineer.

JIN Leyong, aged 61, is the vice president of the Company. Mr. Jin has over 30 years of experience in the building materials industry. Mr. Jin served various positions such as assistant engineer, engineer, department head and assistant to the president of Tianjin Cement Institute from January 1982 to June 1992. Mr. Jin then joined China Nongfang North Corporation (中國農房華北公司) and served as the deputy general manager and general manager from June 1992 to October 1999. Mr. Jin was subsequently appointed as the deputy chief of the State Building Materials Bureau Retirement Department (國家建材局離退休幹部局) for a term commencing from October 1999 and ending in October 2001. Mr. Jin first joined the Parent in October 2001 and served senior managerial positions in various subsidiaries of the Parent. Mr. Jin had served as the deputy general manager of our predecessor, China National Non-Metallic Materials Corporation, since December 2005. Mr. Jin graduated from Wuhan University of Technology (武漢理工大學) in January 1982 with a bachelor's degree in constructions. He is currently a professorate senior engineer. In December 2012, he was qualified as CERMIC (高級風險管理與內控職業經理) by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會).

SUI Yumin, aged 51, is the vice president of the Company and has been serving as the chairman of the board of Sinoma Cement since April 2010. Mr. Sui has over 25 years of extensive work experience in the cement industry. He held various positions in Lunan Cement Factory (魯南水泥廠) such as deputy chief engineer and executive deputy general manager from August 1986 to August 2003. Mr. Sui worked as the deputy general manager of Sinoma Cement and the chairman of the board and general manager of Sinoma Hanjiang from August 2003 to September 2004. Subsequently, Mr. Sui served as the deputy general manager and executive deputy general manager of Tianshan Cement until July 2007. Mr. Sui served as a director of Tianshan Cement from October 2005 to December 2013, and a director of Ningxia Building Materials from December 2008 to April 2015. Mr. Sui enjoys special government allowances from the state Council, and is currently the vice president of China Cement Association (中國水泥協會). Mr. Sui graduated from Shandong Institute of Building Materials (山東建材學院) in July 1986, majoring in cement engineering, and obtained his executive master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in September 2010. Mr. Sui is currently a professorate senior engineer.

WANG Baoguo, aged 60, is the vice president of the Company. Mr. Wang worked for the Shandong Economic Planning Commission (山東省計委) from 1981 to 1992. Mr. Wang also served as deputy mayor of Dongying City, Shandong Province (山東省東營市副市長) from December 1992 to October 2003. Mr. Wang served as the deputy general manager of our predecessor, China National Non-Metallic Materials Corporation, from October 2003 to July 2007, and a Supervisor of the Company from July 2007 to October 2009, and he has been serving as the vice president of the Company since October 2009. Mr. Wang also served as the general manager of Sinoma Jinjing from February 2004 to June 2011, and the chairman from February 2004 to January 2013, and the chariman of Yangzhou Zhongke semiconductor Lighting Co., Ltd. (currently a subsidiary of the Parent) form February 2011 to December 2015. Mr. Wang graduated from the Party School of the Central Committee of the Communist Party of China (CPC) (中共中央黨校), majoring in economics and management. Mr. Wang is currently a senior economist.

WANG Guanglin, aged 57, is the vice president of the Company. Mr. Wang has over 30 years of experience in cement industry. He held various positions such as an assistant to the head and the deputy head of Ningxia Cement Factory (寧夏水泥廠) from November 1984 to March 1997, and successively served as head, deputy general manager, chairman of the board and general manager in Qingtongxia Cement Factory, Ningxia Hui Autonomous Region Building Materials Industrial Corporation, Qingtongxia Cement Corporation and Ningxia Building Materials Group from March 1997 to November 2005, respectively. He served as the chairman of the board of Sinoma Cement from September 2007 to April 2010, and served as the chairman of the board of Ningxia Building Materials from November 2005 to November 2013. Mr. Wang has also been serving as a director of Ningxia Building Materials since October 2003, and served as a director of Tianshan Cement from January 2014 to April 2015. Mr. Wang graduated from Chinese University of Hong Kong in December 2008 with a master's degree in business administration. Mr. Wang is currently a professorate senior engineer.

WANG Wei, aged 59, is the vice president of the Company. Mr. Wang served as a director and the president of Sinoma International from December 2001 to December 2009 and as the chairman of the board of Sinoma International from December 2009 to September 2014. Mr. Wang served as the supervisor of the Company from July 2007 to March 2010 and was appointed as the vice president of the Company in March 2010. Mr. Wang joined the Parent in 1984 and held various positions, such as deputy head of Nanjing Cement Industry Design and Research Institute. Mr. Wang served as the deputy general manager and general manager of China National Non-Metallic Materials Corporation from June 2001 to March 2002. As a nationwide outstanding entrepreneur in the building materials industry entitled to a special government allowance provided by the State Council, Mr. Wang has extensive knowledge of the industry. He also serves as the vice chairman of China Chamber of Commerce for Import and Export of Machinery and Electronic Products (中國機電產品進出口商會), an executive member of the Mergers and Acquisitions Financing Committee of the China Association for Public Companies (中國上市公司協會併購融資委員會), the China director of the BRICS Business Council, the vice president of China Building Materials Federation (中國建築材料聯合會) and the vice president of China Cement Association (中國水泥協會). Mr. Wang graduated from Nanjing University of Technology (南京工業大學) in January 1982, majoring in cement engineering. He is currently a professorate senior engineer.

LIU Yan, aged 50, is the vice president of the Company. Mr. Liu has also been serving as the chairman of the board of Sinoma Advanced Materials since January 2010. Mr. Liu joined the Parent in 1985 and held various positions such as assistant to the head and deputy head of Nanjing Fiberglass R&D Institute (南京玻璃纖維研究設計院). Mr. Liu was the vice president of Sinoma Science & Technology from December 2001 to May 2003 and was the president of Sinoma Science & Technology from May 2003 to October 2009. Mr. Liu graduated from Nanjing University of Technology (南京工業大學) in July 1985, majoring in silicate engineering. Mr. Liu is currently a senior engineer.

YU Kaijun, aged 52, is the Chief Financial Officer of the Company. Mr. Yu worked at the Finance Bureau of Pingliang District of Gansu Province from July 1982 to November 1990. Mr. Yu served as the chief financial officer and deputy general manager of Shenzhen Languang Science & Technology Co., Ltd. (深圳蘭光科技股份有限公司) (and its predecessor, Shenzhen Languang Electronic Industrial Corporation (深圳蘭光電子工業總公司)) from November 1990 to October 2001. Mr. Yu served as the chief financial officer of Sinoma International from December 2001 to January 2011. Mr. Yu served as a supervisor of Tianshan Cement and Ningxia Building Materials from December 2011 to April 2015, a director of BBMG Corporation from August 2014 to November 2015, and has been a supervisor of BBMG Corporation since November 2015. Mr. Yu graduated from the Hong Kong Polytechnic University in December 2006, majoring in accounting and obtained a master's degree in accounting. He is currently a senior accountant.

Directors, Supervisors and senior management have no other relationships with other Directors, Supervisors and senior management apart from working relationships.

(Note: JIN Leyong, WANG Baoguo and WANG Wei reached the retirement age in January 2016, they no longer served as vice presidents of the Company)

The Board is pleased to present the annual report for the year ended 31 December 2015, together with the audited financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL BUSINESS

The Group is principally engaged in the cement equipment and engineering services, cement and high-tech materials businesses. Details of the businesses of the Company's principal subsidiaries are set out in note 52 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2015 and the financial information of the Group as at 31 December 2015 are set out in the audited financial statements of this report.

SHARE CAPITAL

The share capital structure of the Company as at 31 December 2015 is set out as follows:

Class of Share	Number of Shares	Approximate Percentage to the Total Issued Share Capital
Domestic shares	**2,276,522,667**	63.74%
Foreign shares		
Unlisted foreign shares	**130,793,218**	3.66%
H Shares	**1,164,148,115**	32.60%
Total	**3,571,464,000**	100%

DIVIDEND

The Board recommends the distribution of final dividend of RMB0.03 per share (tax inclusive) in an aggregate amount of RMB107.14 million for the year ended 31 December 2015.

DEBENTURE

In order to repay loans and to replenish the working capital, the Company issued debentures in the year ended 31 December 2015, the details of which are as follows:

Category	Face Value *RMB billion*	Issue Amount *RMB billion*
Super short-term commercial paper	**4.75**	4.75
Medium-term notes	**2.50**	2.50

PUBLIC FLOAT

As at the date of this report, based on the public information available to the Company and as far as the Directors are aware, the Company fulfilled the public float requirement under Rule 8.08 of the Listing Rules.

DIRECTORS AND SUPERVISORS

During the Reporting Period and up to the date of this report, certain information concerning the Directors and the Supervisors is set out below:

Name	Position	Gender	Age	Term
LIU Zhijiang	Chairman of the Board and Executive Director	Male	58	30 July 2013 – 29 July 2016
PENG Jianxin	Executive Director and President	Male	56	21 October 2014 – 29 July 2016
YU Shiliang	Non-executive Director	Male	61	30 July 2013 – 29 July 2016
LI Xinhua	Vice-chairman of the Board Non-executive Director	Male	51	30 July 2013 – 29 July 2016 21 October 2014 – 29 July 2016
LI Jianlun	Non-executive Director	Male	58	30 July 2013 – 29 July 2016
Yu Guobo	Non-executive Director	Male	59	30 July 2013 – 29 July 2016
TANG Baoqi	Non-executive Director	Male	56	30 July 2013 – 29 July 2016
LEUNG Chong Shun	Independent Non-executive Director	Male	50	30 July 2013 – 29 July 2016
LU Zhengfei	Independent Non-executive Director	Male	52	30 July 2013 – 29 July 2016
WANG Shimin	Independent Non-executive Director	Male	67	30 July 2013 – 29 July 2016
ZHOU Zude	Independent Non-executive Director	Male	70	30 July 2013 – 29 July 2016
XU Weibing	Chairman of the Supervisory Committee	Female	56	30 July 2013 – 29 July 2016
ZHANG Renjie[1]	Supervisor	Male	51	30 July 2013 – 29 March 2016
WANG Jianguo	Supervisor	Male	59	30 July 2013 – 29 July 2016
WANG Yingcai	Supervisor	Male	44	30 July 2013 – 29 July 2016
QU Xiaoli	Supervisor	Male	45	30 July 2013 – 29 July 2016

1 Mr. ZHANG Renjie resigned as the Supervisor on 29 March 2016, for details of which please refer to the announcement of the Company published on 29 March 2016 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

The term of office of all Directors is not more than 3 years.

The biography details of the Directors and the Supervisors are set out in the section of "Biography of Directors, Supervisors and Senior Management".

DISCLOSURE OF INTERESTS

Directors', Supervisors' and Chief Executive's Interests and Short Positions in the Company's Shares, Underlying Shares and Debentures

No Director, Supervisor or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange.

Directors', Supervisors' and Chief Executive's Rights in the Subscription of Shares and Debentures

During the Reporting Period, no Director, Supervisor or chief executive of the Company or their respective spouses or children under the age of 18, had been granted any right by the Company to subscribe for shares or debentures of the Company or any of its associated corporations, or had exercised any such right to subscribe for shares or debentures above.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2015, so far as the Directors, Supervisors and the chief executive of the Company are aware, the persons listed in the following table had interests and/or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO:

Name	Type of Shares	Nature of interests	Number of Shares interested	Percentage to the respective class of issued shares	Percentage to the total share capital
China National Materials Group Corporation Ltd.	Domestic Shares	N/A	1,494,416,985	65.64%	41.84%
China Cinda Asset Management Co., Ltd.	Domestic Shares	N/A	319,788,108	14.05%	8.96%
Taian Taishan Investment Co., Ltd.	Domestic Shares	N/A	309,786,095	13.61%	8.67%
Well Kent International Holdings Company Limited	Unlisted Foreign Shares	N/A	130,793,218	100.00%	3.66%
National Council for Social Security Fund	H Shares	Long position	93,124,115	7.99%	2.61%

Note: The above information is based on the data provided on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

Save as disclosed above, so far as the Directors, Supervisors and chief executive of the Company are aware, as at 31 December 2015, there was no other person having interests and/or short positions in the shares and underlying shares of the Company which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register referred to therein.

MAJOR CUSTOMERS AND SUPPLIERS

The total revenue from sales of goods or provision of services from the five largest customers of the Group in aggregate accounted for less than 30% of the Group's total revenue in 2015.

The consolidated total purchases made by the Group from its five largest suppliers accounted for less than 30% of the Group's total purchases in 2015.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) have beneficial interests in the five largest customers or in the five largest suppliers of the Group.

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

For the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2015, the addition of property, plant and equipment of the Group was approximately RMB3,595.54 million. Details of the movements are set out in note 21 to the consolidated financial statements.

RESERVES

Details of the movement of the Group's reserves during the year 2015 are set out in the "Consolidated Statement of Changes in Equity" of this report.

EMPLOYEES

As at 31 December 2015, the Group had 56,256 employees.

REMUNERATION POLICY

The Company has set up the Remuneration Committee under the Board, which is responsible for formulating the remuneration policy and remuneration proposal for the executive Directors and senior management of the Company in accordance with its terms of reference. The remuneration of the executive Directors is determined and realized according to the service contracts of the Directors as approved at the general meeting and the operating performance of the Company. The remuneration of the non-executive Directors, the independent non-executive Directors and the Supervisors is determined and realized according to the service contracts of the non-executive Directors, the independent non-executive Directors and the Supervisors as approved at the general meeting.

An annual salary system is implemented for senior management of holding and wholly-owned subsidiaries, the annual salary of which are determined according to company size and realized benefits. The Company adopts position-based remuneration system for general management staff, and their remuneration is determined according to the relative importance of the positions, the duties assumed in the positions and other factors.

Various salary models such as piece rate and skill-based wage model are adopted for other employees based on the distinctive employee category and their job nature.

The Company stringently controls the management of the total amount of salaries of its majority-owned and wholly-owned subsidiaries in accordance with the applicable policy of the Chinese government. It seeks to maintain an appropriate balance between salary increase and the growth in economic benefits, in order to achieve a win-win situation among shareholders, management and employees and facilitate the harmonious development of the enterprise.

As required by the relevant state and local labour and social welfare laws and regulations, the Company contributes to certain housing fund and social insurance premiums for its employees on a monthly basis. Insurance premiums are paid for retirement insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance. In Beijing, as required by the prevailing and applicable local laws and regulations, the Company's contributions to retirement insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing fund shall account for 20%, 10%, 1%, 0.3%, 0.8% and 12% of the total basic monthly salary of an employee.

RETIREMENT PLAN OF EMPLOYEES

Details are set out in note 39 to the consolidated financial statements.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATIONS

Details of the remunerations of the Directors, Supervisors and chief executive of the Company are set out in note 18 to the consolidated financial statements, the remunerations of other senior management of the Company fell within the following bands:

	2015 (person)
RMB1,000,000 and below	7
RMB1,000,001 to RMB1,500,000	3
	10

SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all the Directors and the Supervisors with a term of up to 3 years. No Director or Supervisor has entered into or intends to enter into a service contract with the members of the Group which cannot be terminated by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

No Director or Supervisor of the Company or any entity connected with them had a material interest, either directly or indirectly, in any material transaction, arrangement or contract relating to the business of the Group, to which the Company or any of its subsidiaries was a party, and which was subsisting at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

The Company has placed liability issurance for the Directors, Supervisors and the senior management covering, among others, the possible loss to be incurred arising from the initial claims for compensation due to their factual or accused misconducts.

MANAGEMENT CONTRACT

During the Reporting Period, the Company has not signed or held any contract concerning the management of the general business or any major business segment of the Company.

CONNECTED TRANSACTIONS

1. Exempted Connected Transactions

1.1 Non-competition Agreement

The Company entered into a non-competition agreement with the Parent on 23 November 2007, pursuant to which the Parent agreed not to, and to procure its subsidiaries (other than the Group) not to, compete with the core businesses of the Group and granted the Group options and pre-emptive rights to acquire the retained business and certain future business from the Parent.

For the year ended 31 December 2015, save as disclosed in the prospectus of the Company, no Director of the Company (including independent non-executive Directors) has made any decision to exercise the options.

For the year ended 31 December 2015, the Parent confirmed its compliance with the commitments stated in the non-competition agreement, and provided the independent non-executive Directors with all information required for the annual review and the execution of the non-competition agreement.

2. Non-exempted Connected Transactions

Except those as mentioned elsewhere in this annual report, the Group has not conducted other non-exempted connected transactions during the Reporting Period.

3. Non-exempted Continuing Connected Transactions

The Group conducted certain non-exempted continuing connected transactions in 2015. The table below sets out the annual caps and the actual transaction amounts of such transactions:

Connected Transactions		Expenditure Actual amount *RMB*	Expenditure Cap *RMB*	Revenue Actual amount *RMB*	Revenue Cap *RMB*
Property Lease Framework Agreement	(1)	10,101,000	40,000,000	–	–
Mutual Supply of Services Framework Agreement	(2)	294,487,000	650,000,000	2,275,000	20,000,000
Mutual Supply of Products Framework Agreement	(3)	122,155,000	550,000,000	15,827,000	160,000,000

		Deposit Services (Maximum daily balance (including accrued interests)) Actual amount *RMB*	Deposit Services (Maximum daily balance (including accrued interests)) Cap *RMB*	Other Financial Services (Services fee payable to Sinoma Finance) Actual amount *RMB*	Other Financial Services (Services fee payable to Sinoma Finance) Cap *RMB*
Financial Services Framework Agreement	(4)	2,919,027,000	4,900,000,000	60,000	250,000,000

3.1 Property Lease Framework Agreement

In order to regulate the property lease arrangements between the Parent Group and the Group, a property lease framework agreement was renewed between the Parent and the Company on 12 October 2012.

Pursuant to the property lease framework agreement, the Group agreed, in accordance with the agreements between both parties from time to time, to lease from the Parent Group certain lands and buildings (including but not limited to production lines, office buildings, warehouses and employees' dormitories) in the PRC, for the purpose of the operation of the Group.

Under the property lease framework agreement, the rentals shall be determined in accordance with the following pricing principles: 1) the state-prescribed price; 2) where there is no state-prescribed price, then the relevant state-recommended price; 3) where there is no state-prescribed price or state-recommended price, then the relevant market price; 4) where there is no such price or such price is not applicable, then the contracted price, which shall be determined on the basis of reasonable cost plus reasonable profit margin and by reference to the historical rentals.

The property lease framework agreement was for a term of three years commencing from 1 January 2013 and ending on 31 December 2015. Details of the transaction are set out in the announcement of the Company dated 12 October 2012 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

The Parent is a controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules.

During the Reporting Period, the annual cap on the aggregate rentals payable by the Group to the Parent Group for 2015 under the above property lease framework agreement was RMB40,000,000 and the actual total rental incurred was approximately RMB10,101,000.

On 21 August 2015, the Company has renewed the property lease framework agreement with the Parent for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Upon expiry, the property lease framework agreement shall be renewed for a further term of three years, subject to the relevant requirements under the Listing Rules and mutual agreement of both parties. Details of the transaction are set out in the announcement of the Company dated 21 August 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

3.2 Mutual Supply of Services Framework Agreement

On 12 October 2012, the Company entered into the mutual supply of services framework agreement with the Parent, pursuant to which, the Company agreed that the Group supplied to the Parent Group certain services (including but not limited to supply of electricity, water and heating, design services and resources for power); whereas the Parent agreed that the Parent Group supplied to the Group certain services (including but not limited to the Engineering, Procurement and Construction (EPC) of surplus energy electricity generation, project construction, exploration, equipment repair and installation, and logistics services).

Under the mutual supply of services framework agreement, the price shall be determined in accordance with the following pricing principles: 1) the state-prescribed price; 2) where there is no state-prescribed price, then the relevant state-recommended price; 3) where there is no state-recommended price, then the relevant market price; 4) where there is no relevant market price, then the contracted price, which shall be determined on the basis of reasonable cost plus reasonable profit margin and by reference to the historical figures for preceding years.

The mutual supply of services framework agreement was for a term of three years commencing from 1 January 2013 and ending on 31 December 2015. Details of the transaction are set out in the announcement of the Company dated 12 October 2012 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

The Parent is a controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules.

During the Reporting Period, a) the annual cap on revenue from the provision of certain services to the Parent Group by the Group for 2015 was RMB20,000,000 and the actual revenue incurred was approximately RMB2,275,000; b) the annual cap on expenditure resulting from the provision of certain services to the Group by the Parent Group for 2015 was RMB650,000,000 and the actual expenditure incurred was approximately RMB294,487,000.

On 21 August 2015, the Company has renewed the mutual supply of services framework agreement with the Parent for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Upon expiry, the mutual supply of services framework agreement shall be renewed for a further term of three years, subject to the relevant requirements under the Listing Rules and mutual agreement of both parties. Details of the transaction are set out in the announcement of the Company dated 21 August 2015 on the websites of the Hong Kong Stock Exchange and the Company, and the circular dated 25 August 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

3.3 Mutual Supply of Products Framework Agreement

On 12 October 2012, the Company entered into the mutual supply of products framework agreement with the Parent, pursuant to which, the Company agreed that the Group purchased for self-use and the Parent agreed that the Parent Group sold certain products (including but not limited to equipment and parts, raw materials, fuel oil and precious metals); whereas the Parent agreed that the Parent Group purchased for self-use or for export to the third parties independent from the Group as the Group was lack of the relevant export license, and the Company agreed that the Group sold certain products (including but not limited to cement, commercial concrete, equipment, ceramic knife and Alumina).

Under the mutual supply of products framework agreement, the price shall be determined in accordance with the following pricing principles: 1) the state-prescribed price; 2) where there is no state-prescribed price, then the relevant state-recommended price; 3) where there is no state-recommended price, then the relevant market price; 4) where there is no relevant market price, then the contracted price, which shall be determined on the basis of reasonable cost plus reasonable profit margin and by reference to the historical figures for preceding years.

The mutual supply of products framework agreement was for a term of three years commencing from 1 January 2013 and ending on 31 December 2015. Details of the transaction are set out in the announcement of the Company dated 12 October 2012 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

The Parent is a controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules.

During the Reporting Period, a) the annual cap on revenue from the sale of certain products to the Parent Group by the Group for 2015 was RMB160,000,000 and the actual revenue incurred was approximately RMB15,827,000; b) the annual cap on expenditure resulting from the sale of certain products to the Group by the Parent Group for 2015 was RMB550,000,000 and the actual expenditure incurred was approximately RMB122,155,000.

On 21 August 2015, the Company has renewed the mutual supply of products framework agreement with the Parent for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Upon expiry, the mutual supply of products framework agreement shall be renewed for a further term of three years, subject to the relevant requirements under the Listing Rules and mutual agreement of both parties. Details of the transaction are set out in the announcement of the Company dated 21 August 2015 on the websites of the Hong Kong Stock Exchange and the Company, and the circular dated 25 August 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

3.4 Financial Services Framework Agreement

On 24 May 2013, the Company and Sinoma Finance entered into the financial services framework agreement, pursuant to which Sinoma Finance agreed to provide the deposit services, loan services and other financial services to the Group[1].

The pricing principles of the financial services to be provided by the Sinoma Finance to the Group under the financial services framework agreement are as follows:

1) In respect of deposit services, the interest rates for deposits provided to the Group by the Sinoma Finance shall not be lower than the lowest rate allowed by the PBOC for similar types of deposits. Subject to the above, the interest rates for deposits shall be the higher of (a) the same as or higher than the interest rates for similar types of deposits payable by Sinoma Finance to other members of the Parent Group under the same conditions; or (b) the same as or higher than the interest rates for similar types of deposits provided by normal commercial banks in the PRC under the same conditions.

2) In respect of loan services[2], the interest rates for loans provided to the Group by Sinoma Finance shall not be higher than the upper limit allowed by the PBOC for the similar types of loans. Subject to the above, the interest rates for the loans shall be the lower of (a) the same as or lower than the interest rates charged by Sinoma Finance to other members of the Parent Group for the similar loans under the same conditions; or (b) the same as or lower than the interest rates for the similar loans charged by normal commercial banks in the PRC under the same conditions.

3) In respect of other financial services, the fees for other financial services charged by the Sinoma Finance shall not be higher than the upper limit (if applicable) of the fees stipulated by the PBOC. Subject to the above, the fees shall be the lower of (a) the same as or lower than the fees for similar types of financial services charged by Sinoma Finance to other members of the Parent Group under the same conditions; and (b) the same as or lower than the fees for similar types of financial services charged by normal commercial banks in the PRC under the same conditions.

1 Other financial services under the financial services framework agreement, including but not limited to bills acceptance and discounting services, assistance in achieving the collection and payment of the transactions proceeds, clearing and settlement services, financial leasing, financial advising, credit verification and related consulting, agency services and other business approved by CBRC.

2 In respect of the loan services provided by Sinoma Finance to the Group, as the Group did not pledge any asset of the Group as security for the loans, and the loan services was on the common commercial terms, therefore, the loan services under the financial services framework agreement were exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The term of the financial services framework agreement took effect on 30 July 2013 and ending on 31 December 2015. Details of the transaction are set out in the announcements of the Company dated 24 May 2013 and 30 July 2013 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

Sinoma Finance is a subsidiary of the Parent, the controlling Shareholder of the Company, and therefore Sinoma Finance is a connected person of the Company under the Listing Rules.

During the Reporting Period, a) in respect of deposit services, the annual cap on maximum daily balance of deposits placed by members of the Group with Sinoma Finance (including accrued interests) for 2015 was RMB4,900,000,000, and the actual maximum daily balance (including accrued interests) amounted to approximately RMB2,919,027,000; b) in respect of other financial services, the annual cap on service fees payable to Sinoma Finance by members of the Group for 2015 was RMB250,000,000, and the actual service fees paid amounted to approximately RMB60,000.

On 21 August 2015, the Company has renewed the financial services framework agreement with Sinoma Finance for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Upon expiry, the financial services framework agreement shall be renewed for a further term of three years, subject to the relevant requirements under the Listing Rules and mutual agreement of both parties. Details of the transaction are set out in the announcement of the Company dated 21 August 2015 on the websites of the Hong Kong Stock Exchange and the Company, and the circular dated 25 August 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above for the year ended 31 December 2015 has followed the pricing principles of such continuing connected transactions.

The Directors (including the Independent non-executive Directors) have confirmed with the Board that they have reviewed the non-exempted continuing connected transactions under paragraphs 3.1 to 3.4 above and confirmed that such transactions have been entered into: (a) in the ordinary and usual course of business of the Group; (b) 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 Group than those available to or from independent third parties; and (c) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The auditor of the Company has performed certain agreed-upon procedures on the above continuing connected transactions and has provided a letter to the Board to report the factual findings as follows:

– The above continuing connected transactions have obtained the approval of the Board;

– The pricing of the continuing connected transactions involving provisions of goods and services by the Group, in all material respects, are in accordance with the pricing policies of the Company as disclosed in note 50 to the consolidated financial statements;

– The above continuing connected transactions, in all material respects, have been executed in accordance with the terms of the agreements governing such transactions; and

– The continuing connected transactions as disclosed in paragraphs 3.1 to 3.4 above did not exceed the relevant annual caps as disclosed in the respective announcements of the Company.

Save as disclosed above, there is no related party transaction or continuing related party transaction set out in note 50 to the consolidated financial statements which falls into the category of discloseable connected transactions or continuing connected transactions under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions.

PRE-EMPTIVE RIGHT

There is no pre-emptive right provision under the Articles of Association and the PRC laws which would oblige the Company to offer new shares to its existing shareholders on a pro-rata basis.

TAXATION

As stipulated by the Notice on Issues relating to Enterprise Income Tax Withholding over Dividends Distributable to their H-share shareholders who are Overseas Non-resident Enterprises by Chinese Resident Enterprises published by the State Administration of Taxation (Guoshuihan [2008] No.897), when Chinese resident enterprises distribute annual dividends for the year 2008 and years thereafter to their H-share shareholders who are overseas non-resident enterprises, enterprise income tax shall be withheld at a uniform rate of 10%. Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa [1993] No. 045 Document issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders is subject to individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries where they are residing and Mainland China. Pursuant to the aforesaid Notices, the Company will withhold 10% of the dividend as income tax unless otherwise specified by the relevant tax regulations, tax agreements or the notices. Shareholders may apply for tax refund in accordance with relevant provisions including taxation agreements/arrangement after receiving the dividends.

MATERIAL LEGAL MATTERS

During the Reporting Period, Sinoma E&E, a wholly-owned subsidiary of Sinoma International (a subsidiary of the Company) involved into the following material legal matters:

A civil action was filed in respect of Sinoma E&E's loan contract disputes with Bank of Beijing Co., Ltd. Shuangyushu Branch. Subsequently, Sinoma E&E has repaid the debt owed to Bank of Beijing Co., Ltd. Shuangyushu Branch. As confirmed with the presiding judges, the litigation has been withdrawn by the plaintiff. Details of the case are set out in the announcements of the Company published on 6 January 2015 and 25 January 2016 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

Sinoma E&E filed a civil action to the court in respect of its purchase and sales contract disputes against Shanghai Dingqi Trading Co., Ltd., Shanghai Huaji Steel Materials Co., Ltd., Shanghai Xinmao Industrial Development Co., Ltd. and Lin Qinhua, Fujian Jinlin Industrial Co., Ltd., Shanghai Zhongtang Industrial Co., Ltd., Fujian Bangsheng Group Co., Ltd., Xu Qingzhuang, Li Shoulong, Wu Zhouguo and Lin Lizhen as guarantors. The appeal against the first instance judgement has been filed to the court, whereas the second instance judgement outcome has not been finalized. Details of the case are set out in the announcements of the Company published on 13 August 2013, 7 January 2015 and 24 June 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

A civil action was filed in respect of financing loan contract disputes between China Merchants Bank Co., Ltd. Beijing Xisanhuan Branch and Sinoma E&E. Subsequently, Sinoma E&E repaid the debt owed to China Merchants Bank Co., Ltd. Beijing Xisanhuan Branch. As confirmed with the presiding judges, the litigation has been withdrawn by the plaintiff. Details of the case are set out in the announcements of the Company published on 7 April 2015 and 8 March 2016 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

A civil action was filed in respect of Sinoma E&E's guarantee contract disputes with Suzhou Longhu Property Co., Ltd., a subsidiary of the Parent. Due to Suzhou Longhu Property Co., Ltd.'s failure to repay the mature debt to Sinoma E&E, the insufficiency of its assets to repay the debts in full, as well as its clear insolvency, Sinoma E&E has filed a liquidation petition against Suzhou Longhu Property Co., Ltd. as the creditor, which has been accepted by the court. Details of the case are set out in the announcements of the Company published on 22 December 2014, 15 June 2015 and 2 November 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

Sinoma E&E filed a civil action to the court in respect of its sales contract disputes with SinoSteel Guangdong Co., Ltd., and appealed to the court in respect of the first instance judgment received. Sinoma E&E filed an action against SinoSteel Guangdong Co., Ltd. to the court again on the basis of unjust enrichment after receiving the second instance judgement of this case, which has been accepted by the court. Details of the case are set out in the announcements of the Company published on 25 June 2013, 28 February 2014, 22 September 2014 and 2 July 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

A civil action was filed in respect of Sinoma E&E's loan contract disputes with Hua Xia Bank Co., Ltd. Beijing Olympic Village Branch. Subsequently, Sinoma E&E has repaid the debt owed to Hua Xia Bank Co., Ltd. Beijing Olympic Village Branch. As confirmed with the presiding judges, the litigation has been withdrawn by the plaintiff. Details of the case are set out in the announcements of the Company published on 20 October 2015 and 25 January 2016 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

OTHER IMPORTANT EVENTS

On 25 December 2015, Tianshan Cement entered into a finance lease agreement with Bank of Communications Financial Leasing Co., Ltd. in relation to the finance lease arrangements between them. For details, please refer to the announcement of the Company published on 27 December 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

On 25 December 2015, Tianshan Cement, Xinjiang Fukang Tianshan Cement Co., Ltd. (a wholly-owned subsidiary of Tianshan Cement) and Zhongyuan Financial Leasing (Shanghai) Co., Ltd. entered into a joint finance lease agreement in relation to the finance lease arrangements among them. For details, please refer to the announcements of the Company published on 27 December 2015 on the websites of Hong Kong Stock Exchange and the Company, respectively.

AUDITORS

SHINEWING (HK) CPA Limited and ShineWing Certified Public Accountant LLP have been appointed as the Hong Kong auditor and PRC auditor of the Company, respectively, for the year ended 31 December 2015. SHINEWING (HK) CPA Limited has audited the accompanying financial statements that are prepared in accordance with Hong Kong Financial Reporting Standards. These two auditors have been appointed by the Company since the annual report of 2008.

SUPERVISORY COMMITTEE'S REPORT

During the Reporting Period, members of the Supervisory Committee actively performed their duties in accordance with the relevant laws and regulations and the requirements of the Articles of Association and effectively supervised the compliance of the convening and decision-making processes of the Board meetings and the implementation procedures with the relevant laws and regulations and the requirements of the Articles of Association, so as to protect the interests of the shareholders and the long-term interests of the Company.

During the Reporting Period, the Supervisory Committee had convened four meetings. At the eighth meeting of the third session of the Supervisory Committee held on 27 March 2015, the Company's 2014 annual report, the audited financial report, the annual profit distribution proposal, the Supervisory Committee's report, and the implementation of new corporate accounting standards and changes in accounting policies were considered and approved. At the ninth meeting of the third session of the Supervisory Committee held on 28 April 2015, the 2015 first quarterly financial statements of the Company were considered and approved. At the tenth meeting of the third session of the Supervisory Committee held on 28 August 2015, the 2015 interim report of the Company was considered and approved. At the eleventh meeting of the third session of the Supervisory Committee held on 30 October 2015, the 2015 third quarterly financial statements of the Company were considered and approved. Mr. ZHANG Renjie and Mr. QU Xiaoli, Supervisors, appointed Mr. WANG Yingcai as his proxy to attend the eighth meeting of the third session of the Supervisory Committee on behalf of them, and Mr. ZHANG Renjie, a Supervisor, appointed Ms. XU Weibing to attend the tenth meeting of the third session of the Supervisory Committee on behalf of him. All of the other Supervisors attended the aforesaid meetings of the Supervisory Committee. During the Reporting Period, members of the Supervisory Committee attended all the general meetings of the Company and attended the Board meetings in person as non-voting participants, and also reviewed the proposals which have been submitted to the Board for consideration. The Supervisors supervised the Company's major decision-making processes and the performance of duties by the Directors and the senior management by attending such meetings as non-voting participants.

The Supervisory Committee is of the opinion that the Directors and senior management of the Company are committed and diligent in performing their duties, have duly implemented the resolutions of the general meetings, adhered to the lawful operations and cautious decision-making, and contributed greatly to the production and operation results of the Company.

During the Reporting Period, the Supervisory Committee regularly reviewed the relevant financial information of the Group and the auditor's report of the Group issued by the auditor, and confirmed that the accounts and audit work of the Group were in compliance with the requirements of Accounting Law of the PRC, the accounting system issued by the Ministry of Finance of the PRC and the Hong Kong Financial Reporting Standards and the Supervisory Committee was not aware of any non-compliance.

The Supervisory Committee has duly reviewed the financial report for 2015 audited by the independent auditor with unqualified opinion, and considers that the report accurately, truly and fairly presented the financial position and the results of operations of the Company on a consistent basis.

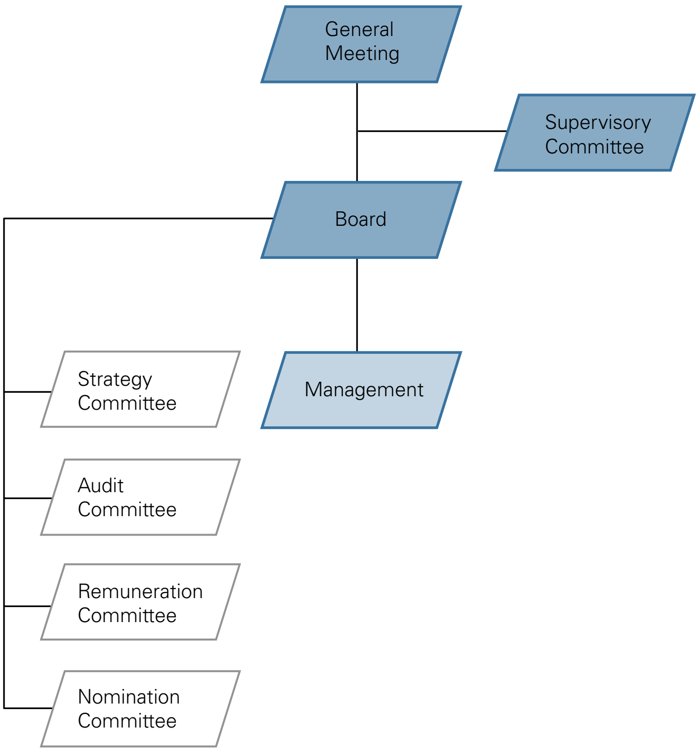
The Supervisory Committee confirms that the connected transactions between the Company and the Parent conducted during the Reporting Period were fair and reasonable and in the interests of the other shareholders and the Company as a whole. The Directors, president and other senior management of the Company have strictly complied with the principle of diligence, exercised powers delegated by the shareholders diligently and performed all responsibilities, and no abuse of authority that would jeopardize the interests of shareholders and the legal rights of employees of the Company has been identified.

The Supervisory Committee is fully confident about the development prospects of the Company. In 2016, the Supervisory Committee will continue to perform all its duties to protect the interests of the shareholders in strict accordance with the Articles of Association and relevant requirements.

CORPORATE GOVERNANCE

During the Reporting Period, the Company established a standard and sophisticated corporate governance structure in strict compliance with laws and regulations such as the Company Law of the PRC and the Securities Law of the PRC and the requirements of domestic and foreign regulatory bodies. The Company is committed to maintaining its corporate governance at a high standard to enhance the shareholders' value in the long run.

CORPORATE GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE DOCUMENTS

Currently, the documents governing the corporate governance practices of the Company include but are not limited to the followings:

1. Articles of Association
2. Rules of Procedures for General Meetings
3. Rules of Procedures for the Board
4. Rules of Procedures for the Supervisory Committee
5. Rules of Procedures for the Strategy Committee

6. Rules of Procedures for the Audit Committee

7. Rules of Procedures for the Remuneration Committee

8. Rules of Procedures for the Nomination Committee

9. Working System for Independent Directors

10. Administrative System for Information Disclosure

11. Administrative System for Connected Transactions

12. Administrative System for Investor Relations

13. Rules of Internal Auditing

14. Internal Control Audit Method

15. Financial Management System

During the Reporting Period, the Board reviewed a series of corporate governance documents, including the Articles of Association, the Rules of Procedure of the General Meeting, the Rules of Procedure for the Board, the Rules of Procedures for the Audit Committee, the Rules of Procedures for the Remuneration Committee and the Rules of Procedures for the Nomination Committee, and monitored the implementation of these documents from time to time; reviewed and keenly organized professional training and continuous professional development for the Directors and Senior Management; reviewed and monitored the Company whether there was any violation of laws and regulatory requirements; approved the corporate governance report for the year 2014, as well as the disclosures made on the website of Hong Kong Stock Exchange and the Company website; formulated, reviewed and supervised shareholders' communication policies to ensure their effectiveness.

The Board has reviewed the corporate governance documents adopted by the Company as stated above and is of the view that the requirements in the documents have complied with all the code provisions as set out in the "Corporate Governance Code" and "Corporate Governance Report" contained in Appendix 14 of the Listing Rules and are consistent with most of the recommended best practices set out therein.

The code on corporate governance adopted by the Company is more stringent in the following aspects than the code provisions as set out in the "Corporate Governance Code" and "Corporate Governance Report":

1. In addition to the Audit Committee, the Remuneration Committee and the Nomination Committee, the Company has also established the Strategy Committee.

2. The Company's Rules of Procedures for the Board requires the independent non-executive Directors to review, at least once a year, the information provided by the Company's controlling shareholder in relation to the compliance with and enforcement of the non-competition agreement.

"CORPORATE GOVERNANCE CODE" AND "CORPORATE GOVERNANCE REPORT"

For the year ended 31 December 2015, the Company has fully complied with the code provisions as set out in the "Corporate Governance Code" and "Corporate Governance Report".

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, and has required that securities transactions by Directors and Supervisors be conducted in compliance with the Model Code, which is also applicable to the senior management of the Company. After the specific enquiries made by the Company, all Directors and Supervisors have confirmed that they had fully complied with the Model Code throughout the year of 2015.

BOARD OF DIRECTORS

The composition of the Board and relevant information are set out below:

Name	Position	Gender	Age	Term
LIU Zhijiang	Executive Director and Chairman of the Board	Male	58	30 July 2013 to 29 July 2016
PENG Jianxin	Executive Director and President	Male	56	21 October 2014 to 29 July 2016
YU Shiliang	Non-executive Director	Male	61	30 July 2013 to 29 July 2016
LI Xinhua	Executive Director and President	Male	51	30 July 2013 to 21 October 2014
	Vice-chairman of the Board			30 July 2013 to 29 July 2016
	Non-executive Director			21 October 2014 to 29 July 2016
LI Jianlun	Non-executive Director	Male	58	30 July 2013 to 29 July 2016
YU Guobo	Non-executive Director	Male	59	30 July 2013 to 29 July 2016
TANG Baoqi	Non-executive Director	Male	56	30 July 2013 to 29 July 2016
LEUNG Chong Shun	Independent Non-executive Director	Male	50	30 July 2013 to 29 July 2016
LU Zhengfei	Independent Non-executive Director	Male	52	30 July 2013 to 29 July 2016
WANG Shimin	Independent Non-executive Director	Male	67	30 July 2013 to 29 July 2016
ZHOU Zude	Independent Non-executive Director	Male	70	30 July 2013 to 29 July 2016

The Board is the standing decision-making body of the Company and leads and supervises the Company in a responsible and efficient manner. All the Directors are obliged to act in the best interest of the Company. Members of the Board understand that they jointly and severally take responsibility to all the shareholders for matters in relation to the management, supervision and operation of the Company.

The Board mainly decides on the following matters:

- to formulate the Company's strategy and policy;
- to establish the management's target;
- to supervise the performance of the management; and
- to ensure the Company's implementation of a prudent and effective monitoring structure to assess and manage risks.

It is the responsibility of the Board to prepare the financial statements for each fiscal year to give a true and fair view of the financial status of the Company and the results and cash flow during the relevant period. When preparing the financial statements for the year ended 31 December 2015, the Board selected and applied appropriate accounting policies and made prudent, fair and reasonable judgment and estimates to prepare the financial statements on the basis of going concern. The statement of responsibilities of the auditors is set out in the independent auditor's report of this annual report. The Board is responsible for properly maintaining and reasonably and accurately disclosing at any time the accounting records of the financial information of the Company. The Board convenes meetings at least four times per year and whenever important decisions have to be made.

The Company's management comprises one president, several vice presidents and a CFO. The president is responsible to the Board and shall mainly perform the following functions:

(1) to be in charge of the production, operation and management of the Company and to report to the Board;

(2) to organize the implementation of the resolutions of the Board;

(3) to organize the implementation of the annual business plan and investment program of the Company;

(4) to prepare plans for the Company's proposed annual financial budgets and final accounts, and to make recommendation to the Board;

(5) to prepare plans for the reform, division, restructuring and dissolution of Company's wholly owned subsidiaries and non-wholly owned subsidiaries;

(6) to prepare plans for the establishment of the internal management structure of the Company;

(7) to prepare plans for the establishment of the branch bodies of the Company;

(8) to prepare the basic management systems of the Company;

(9) to formulate specific rules and regulations of the Company;

(10) to propose the appointment or dismissal of the vice president(s) and the CFO of the Company to the Board;

(11) to appoint or dismiss principal management personnel other than those required to be appointed or dismissed by the Board;

(12) to prepare plans for the salaries, welfares and rewards and penalty for the staff of the Company, and to make decisions on the appointment and dismissal of the Company's staff;

(13) to propose to convene an extraordinary Board meeting in the event of emergency;

(14) to decide on the establishment of branch bodies and representative offices of the Company's wholly owned subsidiaries and non-wholly owned subsidiaries;

(15) to decide on matters relating to the Company's investment, financing, contracts and transactions within the scope authorized by the Board; and

(16) other functions and powers conferred by the Articles of Association and the Board.

During the Reporting Period, Mr. LIU Zhijiang served as chairman of the Board, and Mr. PENG Jianxin served as the president. Chairman of the Board and president are two different positions which are clearly delineated. The chairman of the Board shall not concurrently serve as the president of the Company. The responsibilities between the chairman of the Board and the president shall be clearly separated and defined in written form. The chairman of the Board is responsible for managing the operation of the Board while the president is responsible for the business operation of the Company. The Articles of Association sets out in detail the respective responsibilities of the chairman of the Board and the president. Senior management of the Company, other than the Directors and the Supervisors, is responsible for the daily business operation of the Company. Their positions are set out in the section headed "Biography of Directors, Supervisors and Senior Management" in this annual report.

All Directors are required to declare any direct or indirect interest involved in any matter or transaction to be considered at Board meetings, and interested Directors shall abstain from the meeting when appropriate. Directors are required by the Company to provide details in relation to any connected transactions that they or their respective associates entered into with the Company or its subsidiaries for each financial period and make confirmations regarding the same.

A total of eight Board meetings were convened during 2015. The individual members' attendance rate of Board meetings is as follows:

Directors	Number of Attendance	Number of Attendance by proxy	Attendance Rate
LIU Zhijiang	8	0	100%
PENG Jianxin	8	0	100%
YU Shiliang	8	0	100%
LI Xinhua	8	0	100%
LI Jianlun	8	0	100%
YU Guobo	8	0	100%
TANG Baoqi	8	0	100%
LEUNG Chong Shun	8	0	100%
LU Zhengfei	8	0	100%
WANG Shimin	8	0	100%
ZHOU Zude	8	0	100%

Since the incorporation of the Company on 31 July 2007, the Board has been complying with Rule 3.10(1) of the Listing Rules, which requires a minimum of three independent non-executive Directors, Rule 3.10A, which requires independent non-executive Directors representing at least one-third of the Board, and Rule 3.10(2), which requires that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

A total of two general meetings were convened during 2015. The attendance rate of the Directors is as follows:

Directors	Number of Attendance	Attendance Rate
LIU Zhijiang	2	100%
PENG Jianxin	2	100%
YU Shiliang	2	100%
LI Xinhua	2	100%
LI Jianlun	2	100%
YU Guobo	2	100%
TANG Baoqi	2	100%
LEUNG Chong Shun	2	100%
LU Zhengfei	2	100%
WANG Shimin	2	100%
ZHOU Zude	2	100%

In accordance with the requirements of the Listing Rules, the Company made the following confirmation as to the independence of the independent non-executive Directors: the Company has accepted the confirmation letter from each of the independent non-executive Directors and confirms their compliance with the independence requirements as set out in Rule 3.13 of the Listing Rules. The Company is of the view that all the independent non-executive Directors are independent parties.

Each of the independent non-executive Directors shall have a term of office of three years and is eligible for re-election and re-appointment. Independent non-executive Directors who intend to continue to be appointed after holding office for nine consecutive years are subject to the verification of independence. Independent non-executive Directors shall not be removed without reasonable ground prior to the expiry of their terms of office. The Company shall make special disclosure for any early removal of any independent non-executive Director.

Other than their duties in the Company, the Directors, the Supervisors and senior management do not have any relationship among themselves in financial, business, family or other material aspects.

During the Reporting Period, all Directors proactively participated in continuous professional training including the professional training provided by the Company and developed and updated their knowledge and skills in a move to ensure that their contribution to the Board remained completely informed and relevant.

Other than their service contracts, the Directors and the Supervisors do not have any direct or indirect personal beneficial interest in the contracts of significance entered into by the Company or any of its subsidiaries in 2015.

The Company has established the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee under the Board.

STRATEGY COMMITTEE

The composition of the Strategy Committee during the Reporting Period and up to the date of this report is set out below:

	Chairman	Member
From 1 January 2015	LIU Zhijiang	YU Shiliang, LI Xinhua, PENG Jianxin, LI Jianlun, YU Guobo, ZHOU Zude

The Strategy Committee considers, evaluates, reviews and recommends to the Board the proposed major investments, acquisitions and disposals and conducts post-investment evaluation of investment projects, and reviews and considers the overall strategic direction of the Company and business developments of the Company.

During the Reporting Period, the Strategy Committee convened one meeting by way of communication. At the second meeting of the third session of the Strategy Committee held on 27 March 2015, the "Work Report of the President of China National Materials Company Limited for 2014" was approved and the financial budget (draft) and investment budget (draft) of the Company for 2015 was considered and then submitted to the fourteenth meeting of the third session of the Board for approval. All the members of the Strategy Committee attended the above meeting.

AUDIT COMMITTEE

The composition of the Audit Committee during the Reporting Period and up to the date of this report is set out below:

	Chairman	Member
From 1 January 2015	LU Zhengfei	WANG Shimin, YU Shiliang

The primary duty of the Audit Committee is to examine and supervise the financial reporting procedures and internal control system of the Company and provide advice and comments to the Board.

From the date of the Company's listing on the Hong Kong Stock Exchange and up to 31 December 2015, the Company has been in full compliance with the requirements of Rule 3.21 of the Listing Rules.

Pursuant to the requirements of the Rules of Procedures of the Audit Committee, a total of five meetings were convened for the year. At the eighth meeting of the third session of the Audit Committee held on 29 January 2015, the resolution regarding the auditing plan on the 2014 annual statements issued by SHINEWING (HK) CPA Limited was considered, and the Committee listened to the report made by SHINEWING (HK) CPA Limited on the findings of the preliminary audit and examined the improvement of the relevant internal control on risks with reference to the management proposal of last year. At the ninth meeting of the third session of the Audit Committee held on 19 March 2015, the resolution regarding the submission of the 2014 audited financial report to the Board and the resolution regarding the appointment of ShineWing Certified Public Accountant LLP and SHINEWING (HK) CPA Limited as the domestic and international auditors respectively for 2015 were considered, and the Committee discussed with the management on measures to be taken to improve the internal control on risks with reference to the management proposal. At the tenth meeting of the third session of the Audit Committee held on 27 April 2015, the resolution regarding the submission of the 2015 Q1 financial report to the Board was considered. At the eleventh meeting of the third session of the Audit Committee held on 24 August 2015, the resolution regarding the submission of the 2015 interim financial report to the Board was considered. At the twelfth meeting of the third session of the Audit Committee held on 28 October 2015, the resolution regarding the submission of the 2015 Q3 financial report to the Board was considered. All the members of the Audit Committee attended the above five meetings.

REMUNERATION COMMITTEE

The composition of the Remuneration Committee during the Reporting Period and up to the date of this report is set out below:

	Chairman	Member
From 1 January 2015	WANG Shimin	LEUNG Chong Shun, LU Zhengfei

The primary duties of the Remuneration Committee include the recommendation of the remuneration package of the executive Directors and senior management to the Board; the determination and review of the specific remuneration package and performance of the Directors and senior management of the Company according to the remuneration and performance management policy and structure for Directors and senior management established by the Board.

During the Reporting Period, the Remuneration Committee held two meetings. At the fourth meeting of the third session of the Remuneration Committee held on 20 March 2015, the resolution regarding the remuneration proposal for the Company's senior management for the year 2015 was heard and considered. At the fifth meeting of the third session of the Remuneration Committee held on 12 August 2015, the resolution regarding the payment proposal on performance-linked 2014 annual salary of the Company's senior management was heard and considered. All the members of the Remuneration Committee attended the above two meetings.

NOMINATION COMMITTEE

The composition of the Nomination Committee during the Reporting Period and up to the date of this report is set out below:

	Chairman	Member
From 1 January 2015	LIU Zhijiang	WANG Shimin, ZHOU Zude

The Nomination Committee is mainly responsible for reviewing the structure, numbers and composition of the Board and making recommendations to the Board in relation to any changes; formulating the standards, procedures and methods for selecting candidates for Directors and senior management of the Company and its invested enterprises and making recommendations to the Board.

During the Reporting Period, the Nomination Committee did not convene any meeting.

The Company appoints new Directors according to a transparent procedure which has been duly formulated upon prudent consideration. The nomination of the candidates for directorship is usually submitted as a resolution by the Board to the general meeting of the Company. The Shareholders and the Supervisory Committee may nominate candidates for directorship according to the Articles of Association.

BOARD DIVERSITY POLICY

The Board adopt the following board diversity policy:

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity of the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All the appointments made by the Board will be based on meritocracy, and candidates will be adequately considered against objective criteria, together with the benefit to the Board made by the board diversity policy. Selection of Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the specific demand for talents of the various stages in our business development and strategic planning, and also the merits and contribution to be made by the selected candidates to the Board. The composition of the Board (including gender, age and length of service) will be disclosed in the "Corporate Governance Report" annually.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions as follows:

– to develop and review the corporate governance policies and practices of the Company and make recommendations to the Board;

– to review and monitor the training and continuous professional development of Directors and senior management;

– to review and monitor the Company's policies and practices on compliance with the legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

– to review the Company's compliance with the code and the relevant disclosure in the corporate governance report;

– to develop policies on communication with the Shareholders and review such policies on a regular basis to ensure its effectiveness.

During the Reporting Period, the Board held meetings to review the Company's compliance with the code and the relevant disclosure in the corporate governance report.

AUDITOR'S REMUNERATION

SHINEWING (HK) CPA Limited and ShineWing Certified Public Accountants LLP were respectively appointed as the Hong Kong auditor and the PRC auditor of the Company for the year 2015, and their remuneration was determined by the Audit Committee of the Board. The auditors' remuneration for their provision of audit services for the year 2015 amounted to RMB9.50 million. The auditors' remuneration for their provision of review services on the interim report, profit forecast in accordance with the Listing Rules, non-annual audit services and internal control audit services to the subsidiaries of the Company for the year 2015 as required by the domestic regulatory rules amounted to RMB8.33 million. Apart from the aforesaid fees, the Group did not incur any other non-audit fees.

COMPANY SECRETARIES

Mr. GU Chao and Mr. YU Leung Fai, the joint company secretaries of the Company, have confirmed that both of them had attended relevant professional training for no less than 15 hours during the Reporting Period.

SHAREHOLDERS' RIGHT

As the owners of the Company, shareholders of the Company are entitled to the various rights stipulated by laws, administrative rules and regulations and the Articles of Association. The shareholders' general meeting is the supreme authority of the Company, through which shareholders exercise their power. During the Reporting Period, the Company held two general meetings.

The Board and senior management of the Company understand that they are representing the overall interest of all the shareholders of the Company and their first priority is to maintain the stable and continuous growth of shareholders' value and investment return in the long run and enhance the competitiveness of the business.

According to the Articles of Association, when shareholder(s) alone or in aggregate holding 10% or more of the Company's outstanding voting shares request in writing to convene an extraordinary general meeting (the number of shares held is determined on the day on which the shareholder lodges his/her demand in writing), the extraordinary general meeting shall be convened within two months. The relevant documents shall state clearly the purpose of such meeting and shall be served to all the shareholders. Shareholders may suggest to the Board with the procedure for enquiry and propose such procedure in a general meeting. The contact information of the Company is set out in the section headed "Corporate Information".

INTERNAL CONTROL SYSTEM

In order to achieve the relevant regulatory requirements of the places where the Company is listed and strengthen the internal control management of the Company, the Company has established a range of internal control management systems, including the following documents such as "Administrative System for Information Disclosure", "Administrative System for Connected Transactions", "Administrative System for Investor Relations", "Working System for Independent Directors", "Financial Management System", "Rules of Internal Auditing" and "Internal Control Audit Method", thus establishing the internal control system.

The Directors have reviewed the effectiveness of the internal control systems of the Company and its subsidiaries according to code provision C.2.1 of the "Corporate Governance Code" and "Corporate Governance Report". The review covered financial control, operation control and compliance control, and risk management function control.

REVIEW FOR THE YEAR

The Board has analyzed in detail the procedure, method and assessment results of the internal control review by reference to the relevant requirements of the Listing Rules, and no significant adverse problem has been identified. The internal control system can safeguard the safety and integrity of the assets, and enhance the operating efficiency and effectiveness of the Company. The Company maintained appropriate information, records and procedures, guaranteed the timeliness, relevance and reliability of the Company's financial statements and relevant information. It also ensured that relevant information has been sufficiently disclosed in these financial statements and applicable laws and regulations have been complied with.

During the Reporting Period, the Company carried out risk assessment, supplemented the risk database and perfected the relevant systems; adjusted internal control assessment criteria, supplemented with quantitative assessment criteria of "deficiency search" and "completion rate of deficiency rectification", and continuously included internal control management of the business units into annual operation performance for appraisal, so as to consolidate an assessment-oriented internal control working system; prepared a Comprehensive Risk Management Report; further enhanced the risk prevention and control capabilities of the Company.

INTERNAL AUDIT UNIT

The Company has set up an independent audit department which is responsible for the internal auditing.

During the Reporting Period, with the audit system focusing on risk management, the Company carried out comprehensive auditing and highlighted the key points to provide valuable audit results which the Company actively made use of to facilitate the improvement of the internal control and risk management system of the Group.

Firstly, with the establishment of information technology audit, there is significant progress in the establishment of vertical management system for audit operation. The Company established three information management platforms, namely audit management, audit work and internal control assessment; established an automated and quantitative assessment model, so as to vertically assess the audit project and audit plan at all levels. Through the audit work platform, the project operation management processes is unified and the practical procedures in auditing is standardized, continuously accumulating its experience in audit work. Through internal control assessment platform, the internal control assessment process is unified and the assessment of content is standardized.

Secondly, focusing on the problems and risks, the headquarters of the Company conducted 15 economic responsibility audits, placing priority on a number of aspects such as the completion of responsibility targets, the decision of "Three Important and One Crucial", consumption at work and system execution, so as to highlight any deficiency in internal control and risks involved in the operation.

Thirdly, focusing on the operation of the internal control system on risk management, the Group conscientiously carried out internal control self-assessment. In accordance with the Tentative Measures on Implementation of Internal Control Assessment, the Company conducted internal control self-assessment during September to December 2015, so as to identify the deficiencies of internal control involved in the project management, comprehensive budget, capital management, sales management and other processes and improve the internal control system.

Fourthly, the Company kept an eye closely on factors deterring the growth benefits and potential factors in enhancing effectiveness, by carrying out project audit on loss-making enterprises, major contracts, bidding and procurement and accounts receivable, which have achieved remarkable success.

Fifthly, the Company made good use of the audit findings to realize the value of auditing. The Company convened auditing joint meetings to circulate the audit findings and clarify responsibility of rectification. In response to every problem confronted by each unit, the Company formulated and circulated Opinions on Rectification Based on Auditing, which comprised five parts including description of the problem, evidences of the problem, the risks and effects, suggestions for rectification and feedback on the results, so as to point out the specific problem, highlight the risks, provide advices and oversee the implementation of rectification, with an aim to establish a closed-loop management mode.

Investor Relations and Communication with Shareholders

During the Reporting Period, the Company communicated with its investors and shareholders in a pro-active, honest and open manner through a number of official channels including holding shareholders' general meetings, results announcement press conference, and in-house visits for investors with a view to ensuring fair disclosure of the Group's performance and business and making comprehensive and transparent reports.

Shareholders' general meetings not only make decisions on major matters of the Company, but also provide direct communication channels among the Directors, the management and the shareholders. Therefore, the Company highly values shareholders' general meetings and sends notices of such meetings 45 days prior to the meetings which set out the procedures for voting by poll and the rights of shareholders to demand to vote by poll in accordance with the Listing Rules. During the Reporting Period, the Company held two shareholders' general meetings at which major matters of the Company were considered, such as 2014 audited financial report, profit distribution, issue of medium-term notes and continuing connected transactions, etc.

The Company highly values investor relations and has set up a special telephone and electronic mail box for investors. The Company received enquiries from institutional investors by way of telephone and emails, and received over 200 visits from institutional investors during the year. During the year, the Company ran two results releases and international non-deal road shows, visited 34 investment institutions with 37 investors in total. Through communication with the investors, the Company enables investors to have a full understanding of its various financial and operating information and its latest development timely.

The Company issues annual report and interim report and dispatches them to the shareholders. The Company also publishes its announcements, circulars and press releases on its website at www.sinoma-ltd.cn.

To provide more effective channels of communication, the Company updates its website from time to time and releases corporate information and other related financial and non-financial information on its website when appropriate.

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF
CHINA NATIONAL MATERIALS COMPANY LIMITED
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China National Materials Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 61 to 205, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

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 policies 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 the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
29 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Turnover	8	53,258,869	55,284,822
Cost of sales		(44,372,040)	(45,230,945)
Gross profit		8,886,829	10,053,877
Interest income	10	177,306	121,657
Other gains	11	1,413,294	1,377,406
Selling and marketing expenses		(2,040,553)	(1,847,430)
Administrative expenses		(4,875,081)	(5,360,127)
Exchange gain (loss)	12	121,364	(42,883)
Other expenses	13	(154,639)	(93,455)
Finance costs	14	(2,057,760)	(2,165,066)
Share of results of associates		29,397	74,393
Share of results of joint ventures		(13,059)	(84,696)
Profit before tax		1,487,098	2,033,676
Income tax expense	15	(499,039)	(718,046)
Profit for the year	16	988,059	1,315,630
Profit for the year attributable to:			
Owners of the Company		772,122	507,156
Non-controlling interests		215,937	808,474
		988,059	1,315,630
Earnings per share – basic and diluted (expressed in RMB per share)	20	0.216	0.142

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Profit for the year	**988,059**	1,315,630
Other comprehensive (expenses) income		
Items that will not be subsequently reclassified to profit or loss:		
Actuarial (loss) gain on defined benefit obligations	**(22,611)**	25,145
Income tax relating to actuarial loss (gain) on defined benefit obligations	**4,104**	(5,433)
	(18,507)	19,712
Items that may be subsequently reclassified to profit or loss:		
Safety fund set aside	**151,947**	161,584
Utilisation of safety fund	**(124,393)**	(100,496)
Exchange differences arising on translation	**54,844**	20,653
Exchange difference arising on share of other comprehensive income of a joint venture	**7,230**	–
(Loss) gain on fair value changes of available-for-sale financial assets	**(40,327)**	1,112,348
Release of reserve upon disposal of available-for-sale financial assets	**(136,502)**	(218)
Income tax relating to fair value changes of available-for-sale financial assets	**7,980**	(214,077)
Release of income tax upon disposal of available-for-sale financial assets	**26,219**	40
	(53,002)	979,834
Other comprehensive (expenses) income for the year (net of tax)	**(71,509)**	999,546
Total comprehensive income for the year	**916,550**	2,315,176
Total comprehensive income attributable to:		
Owners of the Company	**696,643**	1,226,453
Non-controlling interests	**219,907**	1,088,723
	916,550	2,315,176

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	31/12/2015 RMB'000	31/12/2014 RMB'000
Non-current assets			
Property, plant and equipment	21	45,879,793	45,375,394
Prepaid lease payments	22	4,073,494	3,926,396
Investment properties	23	326,152	243,772
Intangible assets	24	2,042,095	651,932
Mining rights	26	551,692	562,954
Interests in associates	27	201,900	853,211
Interests in joint ventures	28	6,113	49,542
Available-for-sale financial assets	29	3,111,432	3,572,045
Trade and other receivables	32	588,648	616,027
Other non-current assets		379,505	369,041
Deferred income tax assets	45	983,496	914,430
		58,144,320	57,134,744
Current assets			
Inventories	31	9,377,646	8,902,852
Trade and other receivables	32	19,876,824	21,480,633
Amounts due from customers for contract work	33	591,186	573,062
Prepaid lease payments	22	141,235	135,871
Derivative financial instruments	30	18,417	–
Other current assets		188,464	165,622
Restricted bank balances	34	2,108,391	1,402,897
Bank balances and cash	35	12,951,117	10,108,923
		45,253,280	42,769,860
Current liabilities			
Trade and other payables	36	31,460,232	30,043,843
Dividend payable		11,239	9,366
Amounts due to customers for contract work	33	346,734	335,503
Derivative financial instruments	30	9,142	1,690
Income tax liabilities		641,127	631,439
Short-term financing bills	37	5,250,000	6,220,000
Borrowings	38	15,241,868	14,695,282
Corporate bonds	42	2,497,993	–
Medium-term notes	43	3,159,321	1,700,000
Early retirement and supplemental benefit obligations	39	46,323	53,184
Provisions	41	30,564	21,389
		58,694,543	53,711,696
Net current liabilities		(13,441,263)	(10,941,836)
Total assets less current liabilities		44,703,057	46,192,908

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	31/12/2015 RMB'000	31/12/2014 RMB'000
Non-current liabilities			
Trade and other payables	36	**6,139**	5,390
Corporate bonds	42	**–**	2,495,162
Medium-term notes	43	**4,099,824**	4,557,222
Borrowings	38	**4,877,228**	6,160,754
Provisions	41	**116,289**	80,868
Deferred income	44	**817,966**	860,957
Early retirement and supplemental benefit obligations	39	**219,194**	223,848
Deferred income tax liabilities	45	**924,134**	788,515
		11,060,774	15,172,716
NET ASSETS		**33,642,283**	31,020,192
Capital and reserves			
Share capital	46	**3,571,464**	3,571,464
Reserves		**11,613,818**	10,248,340
Equity attributable to owners of the Company		**15,185,282**	13,819,804
Non-controlling interests		**18,457,001**	17,200,388
TOTAL EQUITY		**33,642,283**	31,020,192

The consolidated financial statements on pages 61 to 205 were approved and authorised for issue by the board of directors on 29 March 2016 and are signed on its behalf by:

LIU Zhijiang	**PENG Jianxin**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Safety fund *RMB'000* *(Note (i))*	Foreign exchange reserve *RMB'000*	Investment revaluation reserve *RMB'000*	Other reserves *RMB'000* *(Note (ii))*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2014	3,571,464	3,273,160	(1,435,542)	127,444	154,015	(46,869)	974,850	607,535	4,179,179	11,405,236	16,762,921	28,168,157
Profit for the year	–	–	–	–	–	–	–	–	507,156	507,156	808,474	1,315,630
Other comprehensive income (expenses)												
Actuarial gain (loss) on defined benefit obligations	–	–	–	–	–	–	–	26,080	–	26,080	(935)	25,145
Income tax relating to actuarial (gain) loss on defined benefit obligations	–	–	–	–	–	–	–	(5,601)	–	(5,601)	168	(5,433)
Safety fund set aside	–	–	–	–	96,650	–	–	–	–	96,650	64,934	161,584
Utilisation of safety fund	–	–	–	–	(47,788)	–	–	–	–	(47,788)	(52,708)	(100,496)
Exchange differences arising on translation	–	–	–	–	–	8,564	–	–	–	8,564	12,089	20,653
Gain on fair value changes of available-for-sale financial assets	–	–	–	–	–	–	837,635	–	–	837,635	274,713	1,112,348
Release of reserve upon disposal of available-for-sale financial assets	–	–	–	–	–	–	(164)	–	–	(164)	(54)	(218)
Income tax relating to fair value changes of available-for-sale financial assets	–	–	–	–	–	–	(196,115)	–	–	(196,115)	(17,962)	(214,077)
Release of income tax upon disposal of available-for-sale financial assets	–	–	–	–	–	–	36	–	–	36	4	40
Total comprehensive income for the year	–	–	–	–	48,862	8,564	641,392	20,479	507,156	1,226,453	1,088,723	2,315,176
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(374,599)	(374,599)
Transactions with non-controlling interests *(Note (iv))*	–	–	–	–	–	–	–	(131,106)	–	(131,106)	(276,657)	(407,763)
Government contributions *(Note (iii))*	–	–	–	–	–	–	–	1,390,650	–	1,390,650	–	1,390,650
Dividend recognised as distribution	–	–	–	–	–	–	–	–	(71,429)	(71,429)	–	(71,429)
Appropriation to statutory surplus reserve	–	–	–	2,667	–	–	–	–	(2,667)	–	–	–
At 31 December 2014	3,571,464	3,273,160	(1,435,542)	130,111	202,877	(38,305)	1,616,242	1,887,558	4,612,239	13,819,804	17,200,388	31,020,192

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Safety fund *RMB'000* *(Note (i))*	Foreign exchange reserve *RMB'000*	Investment revaluation reserve *RMB'000*	Other reserves *RMB'000* *(Note (ii))*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2015	3,571,464	3,273,160	(1,435,542)	130,111	202,877	(38,305)	1,616,242	1,887,558	4,612,239	13,819,804	17,200,388	31,020,192
Profit for the year	-	-	-	-	-	-	-	-	772,122	772,122	215,937	988,059
Other comprehensive income (expenses)												
Actuarial loss on defined benefit obligations	-	-	-	-	-	-	-	(20,566)	-	(20,566)	(2,045)	(22,611)
Income tax relating to actuarial loss on defined benefit obligations	-	-	-	-	-	-	-	3,784	-	3,784	320	4,104
Safety fund set aside	-	-	-	-	99,099	-	-	-	-	99,099	52,848	151,947
Utilisation of safety fund	-	-	-	-	(79,429)	-	-	-	-	(79,429)	(44,964)	(124,393)
Exchange differences arising on translation	-	-	-	-	-	18,580	-	-	-	18,580	36,264	54,844
Exchange difference arising on share of other comprehensive income of a joint venture	-	-	-	-	-	7,230	-	-	-	7,230	-	7,230
Loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	-	(29,316)	-	-	(29,316)	(11,011)	(40,327)
Release of reserve upon disposal of available-for-sale financial assets	-	-	-	-	-	-	(101,136)	-	-	(101,136)	(35,366)	(136,502)
Income tax relating to fair value changes of available-for-sale financial assets	-	-	-	-	-	-	6,056	-	-	6,056	1,924	7,980
Release of income tax upon disposal of available-for-sale financial assets	-	-	-	-	-	-	20,219	-	-	20,219	6,000	26,219
Total comprehensive income (expense) for the year	-	-	-	-	19,670	25,810	(104,177)	(16,782)	772,122	696,643	219,907	916,550
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(524,001)	(524,001)
Deemed disposal/acquisition of subsidiaries *(Note 47(i),(ii)&(iii))*	-	-	-	-	-	-	-	250,820	-	250,820	1,387,980	1,638,800
Transactions with non-controlling interests *(Note (iv))*	-	-	-	-	-	-	-	149,540	-	149,540	172,727	322,267
Government contributions *(Note (iii))*	-	-	-	-	-	-	-	375,619	-	375,619	-	375,619
Dividend recognised as distribution	-	-	-	-	-	-	-	-	(107,144)	(107,144)	-	(107,144)
Appropriation to statutory surplus reserve	-	-	-	11,597	-	-	-	-	(11,597)	-	-	-
At 31 December 2015	3,571,464	3,273,160	(1,435,542)	141,708	222,547	(12,495)	1,512,065	2,646,755	5,265,620	15,185,282	18,457,001	33,642,283

Notes:

(i) Pursuant to certain regulations issued by the State Administration of Work Safety of the People's Republic of China (the "PRC"), the Group is required to set aside an amount to a safety fund. The fund can be used for improvements of safety at the mines and construction sites, and is not available for distribution to owners.

(ii) Other reserves mainly comprise of reserves from transactions with the non-controlling interests, deemed contributions from owners of the Company, government contributions and actuarial gain or loss on defined benefit obligations.

(iii) During the year ended 31 December 2015, national funds of approximately RMB375,619,000 (2014: RMB1,390,650,000) are contributed by the PRC Government to the Group. Such funds are used specifically for energy saving and emission reduction and key industries construction projects.

Pursuant to the requirements of the relevant notice, the national funds are designated as capital contribution and vested solely with the PRC Government. They are non-repayable and can be converted to share capital of the entities receiving the funds upon approval by their shareholders and completion of other procedures.

(iv) During the year ended 31 December 2015, the Group received RMB322,267,000 to dispose of certain equity interests in non-wholly owned subsidiaries, the carrying amount of those disposal interests immediately prior to the disposal amounted to RMB172,727,000.

During the year ended 31 December 2014, the Group paid RMB407,763,000 to acquire additional equity interests in non-wholly owned subsidiaries with a carrying amount of non-controlling interests prior to the acquisition of the additional interests of RMB276,657,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**1,487,098**	2,033,676
Adjustments for:		
Allowance for inventories	**139,025**	152,458
Amortisation of intangible assets	**108,337**	51,551
Amortisation of mining rights	**74,062**	53,239
Amortisation of prepaid lease payments	**80,205**	86,855
Depreciation of property, plant and equipment	**3,365,860**	3,388,251
Depreciation of investment properties	**22,018**	23,938
Dividend income on available-for-sale financial assets	**(20,583)**	(25,006)
Gain on bargain purchase	**(66,645)**	–
Gain on debts restructuring	**(17,455)**	(8,526)
Finance costs	**2,057,760**	2,165,066
Foreseeable losses on construction contracts	**63,872**	61,921
Government grants	**(70,571)**	(112,847)
Impairment loss recognised in respect of property, plant and equipment	**169,888**	282,644
Impairment loss recognised in respect of intangible assets	**3,384**	77,658
Impairment loss recognised in respect of trade receivables	**91,485**	249,828
Impairment loss recognised in respect of prepayments to suppliers and subcontractors and other receivables	**283,192**	212,733
Impairment loss recognised in respect of loan receivables	**–**	11,390
Impairment loss recognised in respect of available-for-sale financial assets	**606**	–
Interest income	**(177,306)**	(121,657)
Changes in fair values of foreign currency forward contracts	**(9,275)**	5,204
Gain on realisation of foreign currency forward contracts	**(1,690)**	(8,957)
Gain on disposal of a joint venture	**(767)**	–
Gain on deemed disposal of a joint venture	**(47,250)**	–
Loss on deemed disposal of an associate	**21,961**	–
Loss on deemed disposal of available-for-sale financial assets	**67,287**	–
Net (gain) loss on disposal of property, plant and equipment	**(32,791)**	10,390
Net gain on disposal of prepaid lease payments	**(27,786)**	(259,118)
Net gain on disposal of available-for-sale financial assets	**(312,992)**	(229)
Net gain on disposal of intangible assets	**(777)**	(328)
Reversal of allowance for inventories	**(11,385)**	(14,251)
Reversal of impairment loss in respect of other receivables	**(108,104)**	(13,447)
Safety fund set aside	**151,947**	161,584
Cash-settled share based payments	**–**	(113)
Share of results of associates	**(29,397)**	(74,393)
Share of results of joint ventures	**13,059**	84,696
Utilisation/amortisation of government grants	**(204,112)**	(206,629)
Waiver of other payables	**(8,802)**	(11,357)
Operating cash flows before movements in working capital	**7,053,358**	8,256,224

	Note	2015 RMB'000	2014 RMB'000
Operating cash flows before movements in working capital			
Increase in inventories		**(299,711)**	(267,779)
Decrease (increase) in trade and other receivables		**3,176,092**	(94,210)
Increase in contracts work-in-progress		**(70,765)**	(43,536)
Decrease (increase) in other current and non-current assets		**72,210**	(206,460)
Decrease in trade and other payables		**(2,062,460)**	(1,273,395)
Increase in provisions		**44,596**	20,737
Receipts from net gain arising from forward contracts		**–**	26,612
Decrease in early retirement and supplemental benefit obligations		**(34,126)**	(15,091)
Decrease in safety fund		**(124,393)**	(100,496)
Cash generated from operations		**7,754,801**	6,302,606
Income tax paid		**(536,318)**	(634,827)
NET CASH FROM OPERATING ACTIVITIES		**7,218,483**	5,667,779
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,149,499)**	(1,420,244)
Purchase of prepaid lease payments		**(356,527)**	(191,439)
Purchase of mining rights		**(62,800)**	(103,248)
Purchase of investment properties		**(104,398)**	(91,706)
Purchase of available-for-sale financial assets		**(184,199)**	(438,103)
Repayment of loan receivables		**–**	47,795
Purchase of intangible assets		**(46,819)**	(64,280)
Placement of restricted bank balances		**(578,284)**	(22,934)
Interest received on bank deposits and loan receivables		**172,449**	118,296
Proceeds from disposals of property, plant and equipment		**173,487**	359,555
Proceeds from disposals of prepaid lease payments		**151,646**	86,446
Proceeds from disposal of intangible assets		**4,381**	5,311
Proceeds from disposal of a joint venture		**3,924**	–
Proceeds from disposals of available-for-sale financial assets		**344,131**	896
Dividends received on available-for-sale financial assets		**20,583**	25,006
Dividends received from associates		**67,226**	84,900
Dividends received from joint ventures		**587**	–
Net cash outflow on acquisition of subsidiaries	47	**(67,447)**	(72,547)
NET CASH USED IN INVESTING ACTIVITIES		**(1,611,559)**	(1,676,296)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
FINANCING ACTIVITIES		
Proceeds from new borrowings	**18,563,064**	20,601,401
Government grants received	**231,692**	416,100
Repayments of borrowings	**(19,641,970)**	(24,071,086)
Interest paid	**(2,225,324)**	(2,193,832)
Dividends paid to non-controlling interests	**(384,111)**	(370,344)
Dividends paid	**(105,271)**	(70,180)
Gross proceeds from issuance of medium-term notes	**2,700,000**	500,000
Government contributions	**375,619**	1,102,360
Repayments of medium-term notes	**(1,700,000)**	–
Receipt (payment) for disposal of (acquisition of additional) equity interests in subsidiaries	**322,267**	(407,763)
Proceeds from short-term financing bills	**9,150,000**	7,270,000
Repayments of short-term financing bills	**(10,120,000)**	(3,950,000)
NET CASH USED IN FINANCING ACTIVITIES	**(2,834,034)**	(1,173,344)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,772,890**	2,818,139
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**10,108,923**	7,270,055
Effect of foreign exchange rate changes	**69,304**	20,729
	12,951,117	10,108,923
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by:		
Bank balances and cash	**12,951,117**	10,108,923

1. GENERAL INFORMATION

China National Materials Company Limited (the "Company") was established in the People's Republic of China (the "PRC") on 31 July 2007 as a joint stock company with limited liability under the Company Law. Its immediate holding company is China National Materials Group Corporation Ltd. ("Sinoma Group"). The directors of the Company regard the ultimate holding party as at 31 December 2015 to be Chinese State owned Assets Supervision and Administration Commission of the State Council. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 20 December 2007.

The address of the registered office and the principal place of business of the Company is at No. 11, Beishuncheng Street, Xizhimennei, Xicheng District, Beijing, the PRC.

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

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in provision of cement equipment and engineering services, production and sales of cement and high-tech materials. Particulars of the Company's principal subsidiaries are set out in Note 52(a).

2. BASIS OF PREPARATION AND PRESENTATION

Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on a going concern basis notwithstanding the Group had net current liabilities of approximately RMB13,441,263,000 as at 31 December 2015.

In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the next twelve months from 31 December 2015 by taking into consideration the followings:

- The directors of the Company anticipate that the Group will generate positive cash flows from its operations; and

- At 31 December 2015, the Group has undrawn borrowings facilities available for immediate use of approximately RMB37,736,470,000 out of which approximately RMB14,862,559,000 will not be expiring in the next twelve months from 31 December 2015. Details of which are set out in Note 38(f).

Based on the above, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations when they fall due for the next twelve months from 31 December 2015. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any necessary adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standard ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the " HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

Except as described below, the application of the new and revised HKFRSs in the current year has 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.

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010 – 2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

Annual Improvements to HKFRSs 2010 – 2012 Cycle *(Continued)*

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company consider that the application of the amendments to HKFRSs 2010 – 2012 Cycle has had no material impact in the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011 – 2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The amendments are applied prospectively. The directors of the Company consider that the application of the amendments to HKFRSs 2011-2013 Cycle has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions *(Continued)*

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The amendments to HKAS 19 will become effective for annual periods beginning on or after 1 July 2014 with early application permitted.

The directors of the Company consider that the application of the amendments to HKAS 19 Defined Benefit Plans: Employee Contributions has had no material impact on the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]

1 Effective for annual periods beginning on or after 1 January 2016.

2 Effective for annual periods beginning on or after 1 January 2018.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

HKFRS 9 (2014) Financial Instruments *(Continued)*

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;
ii) Identify the performance obligations in the contract;
iii) Determine the transaction price;
iv) Allocate the transaction price to the performance obligations; and
v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

Annual Improvements to HKFRSs 2012 – 2014 Cycle *(Continued)*

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;
ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment and amortisation of the intangible assets, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE *(Continued)*

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

i) at costs;
ii) in accordance with HKFRS 9 (or HKAS 39); or
iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. 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 and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries 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 component of other comprehensive income of subsidiaries 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 noncontrolling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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

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, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). 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 HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Business combinations other than common control combinations

Business combinations are accounted for by applying 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 incurred to effect a business combination are recognised in profit or loss as incurred.

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 arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with HKAS 12 *Income Taxes*;

- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Business combinations other than common control combinations *(Continued)*

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 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 assessment, 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 gain on bargain purchase.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for 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 are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

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.

Goodwill

Goodwill arising from a business combination is carried at cost 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 the 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Goodwill *(Continued)*

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

The Group's policy for goodwill relating to an associate or a joint venture that included in the carrying amount of the investment is set out in "investments in associates and joint ventures" below.

Investments in associates and joint ventures

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in associates and joint ventures are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

After application of the equity method, including recognising the associate's or joint venture's losses, the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate or joint venture. Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment 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 in the associate or joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the investment ceases to be an associate or a joint venture upon the Group losing significant influence over the associate or joint control over the joint venture, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

When the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to allocate 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Construction in progress includes property, plant and equipment in the course of construction for production, supply or administrative purposes. Construction in progress is 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. Construction in progress is classified to the appropriate category 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.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Internally-generated intangible assets – research and development expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Internally-generated intangible assets – research and development expenditure *(Continued)*

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured on the same basis as intangible assets that are acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

Derecognition of intangible assets

An items of intangible asset 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the asset is derecognised.

Mining rights

Mining rights represent upfront prepayments made for the mining rights and are expensed in the consolidated statement of profit or loss on a straight-line basis over the period of the mining rights or when there is impairment, the impairment is expensed in the consolidated statement of profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 that 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.

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.

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.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land for own use

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasehold land for own use *(Continued)*

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with high liquidity that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Investment in subsidiaries and associates

Investment in subsidiaries and associates are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 or financial liabilities at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at FVTPL, loans and receivables and available-for-sale financial assets. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instruments and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial asset held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling 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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. 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 “other gains” or “other expenses” line items in the consolidated statement of profit or loss. Fair value is determined in the manner described in Note 5.3.

Loans and receivables

Loans 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, restricted bank balances and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale (“AFS”) financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets (Continued)

Equity and debt securities held by the Group that are classified as AFS 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 investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation 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.

For 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, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy in respect of impairment loss on financial assets below).

Impairment loss on 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 an AFS equity investment, a significant or prolonged decline in the fair value of that investment 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 default or delinquency in interest and 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 asset, such as trade 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 credit period of 30 to 365 days and observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other 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 and other 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 in which the impairment takes place.

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

Impairment losses on AFS equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated under the heading of investment revaluation reserve.

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.

The Group's financial liabilities are classified into either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities at FVTPL *(Continued)*

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing 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.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss is included in the "other gains" or "other expenses" line items in the consolidated statement of profit or loss. Fair value is determined in a manner described in Note 5.3.

Other financial liabilities

Other financial liabilities including trade and other payables, dividend payable, short-term financing bills, corporate bonds, medium-term notes and borrowings are subsequently measured at amortised cost, using the effective interest method.

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 expense is recognised on an effective interest basis.

Equity 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 Company are recognised at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The fair values of derivatives are classified as non-current assets or liabilities when the remaining maturity of the items are more than one year and current assets or liabilities when the remaining maturity are less than one year.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

Financial asset is derecognised only when the contractual rights to receive cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial 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 is accumulated in equity recognised in profit or loss.

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

Provisions

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

Provisions are measured at 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).

Warranties

Provisions for the expected cost of warranty obligations under the terms of relevant sales contracts recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

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 on 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 on monetary items are recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rates of exchange prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the foreign exchange reserve (attributable to non-controlling interests as appropriate).

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 retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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, a disposal involving loss of joint control over a joint arrangement that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), 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 reattributed 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Deposits and instalments received from purchasers prior to meeting the criteria for revenue recognition (see the accounting policy below) are included in the consolidated statement of financial position under current liabilities.

(a) Revenue from cement equipment and engineering services

Revenue from cement equipment and engineering services is recognised under the percentage of completion method when the contract has progressed to a stage where the stage of completion and expected profit on the contract can be reliably determined and, is measured mainly by reference to the contract costs incurred up to the end of the reporting period as a percentage of estimated total costs.

Variation in contract work, claims and incentive payments are included in the contract revenue to the extent that the amount can be measured reliably and its receipt is considered probable.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated statement of profit or loss in the period in which the circumstances that give rise to the revision become known by management.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(b) Other services rendered

Revenue for other services rendered, which includes, among others, technique development, design, consultation and supervision, is recognised when such services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the entity.

(c) Sales of products

Sales of products are recognised when significant risks and rewards of ownership of the goods are transferred to the customer and the customer has accepted the products, and 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.

(d) Rental income

Rental income under operating leases of buildings is recognised on a straight-line basis over the lease term.

(e) Interest income

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 from a financial asset 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.

(f) Dividend income

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 revenue can be measured reliably).

(g) Penalty income

Penalty income is recognised when the Group's rights to receive payment have been established.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 sales, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants 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.

Taxation

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

The income 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 income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred income tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures 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 income 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 income 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 income 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 tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred income tax assets and liabilities 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 income tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred income 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

(a) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss and other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.

After 31 December 2006, the Company will not allow early retirement, nor provide such termination benefits to employees who are terminated after then.

(b) Housing funds

All full-time employees of the Group in the PRC are entitled to participate in various housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(c) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for goods or services acquired, measured initially at the fair value of the liability. At the end of the reporting period, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss for the year.

Impairment losses on tangible assets, mining rights and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets, mining rights 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. When 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.

Recoverable amount is the higher of fair values less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their presented 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 a 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 as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 as income immediately in profit or loss.

5. FINANCIAL INSTRUMENTS

5.1 Categories of financial instruments

	2015 *RMB'000*	2014 *RMB'000*
Financial assets		
Derivative financial instruments	**18,417**	–
Loans and receivables (including cash and cash equivalents)	**29,896,578**	27,277,754
Available-for-sale financial assets	**3,111,432**	3,572,045
	33,026,427	30,849,799
Financial liabilities		
Derivative financial instruments	**9,142**	1,690
Financial liabilities at amortised cost	**54,839,554**	55,154,884
	54,848,696	55,156,574

5.2 Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale financial assets, derivative financial instruments, trade and other receivables, restricted bank balances, bank balances and cash, trade and other payables, short-term financing bills, borrowings, corporate bonds, medium-term notes and dividend payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

(a) Foreign exchange risk

The functional currency of the Company and majority of the subsidiaries is RMB with the majority of transactions settled in RMB. However, foreign currencies are used to collect the Group's revenue from overseas operations and settle the Group's purchases of machinery and equipment from overseas suppliers and certain expenses. RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government.

5. FINANCIAL INSTRUMENTS *(Continued)*

5.2 Financial risk management objectives and policies *(Continued)*

(a) Foreign exchange risk *(Continued)*

The Group's exposure to foreign exchange risk relates principally to its trade and other receivables (except for prepayments to suppliers and subcontractors), restricted bank balances, bank balances and cash, trade and other payables (except for prepayments from customers) and borrowings as at 31 December 2015 denominated in foreign currencies, mainly United States Dollars ("US$"), Euro ("EUR"), South African Rand ("ZAR"), Saudi Arabian Riyal ("SAR"), CFA Franc BCEAO ("XOF"), Malaysian Ringgit ("MYR"), Emirati Dirham ("AED"), Iraqi Dinar ("IQD"), Albanian Lek ("ALL") and Azerbaijani Manat ("AZN").

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign exchange risk. During the year, management of the Group has entered into certain foreign currency forward contracts, however they do not qualify for hedge accounting, therefore, they are deemed as financial assets or financial liabilities held for trading. The particulars of the outstanding foreign currency forward contracts as at the end of the reporting period are disclosed in Note 30.

The carrying amounts of the Group's monetary assets and liabilities that are denominated in currencies other than the functional currencies of relevant group entities at the end of reporting period are as follows:

	Assets		Liabilities	
	31/12/2015	31/12/2014	**31/12/2015**	31/12/2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
US$	**2,112,404**	1,634,591	**(2,340,842)**	(2,080,817)
EUR	**700,502**	345,170	**(581,928)**	(523,446)
ZAR	**18,381**	17,424	**–**	–
SAR	**131,462**	277,992	**–**	–
XOF	**32,103**	34,758	**–**	–
MYR	**19,293**	12,347	**–**	–
AED	**25,347**	22,593	**–**	–
IQD	**44,465**	122,497	**–**	–
ALL	**219**	73,932	**–**	–
AZN	**9,861**	58,333	**–**	–
Others	**165,355**	207,570	**(4,714)**	(6,745)
	3,259,392	2,807,207	**(2,927,484)**	(2,611,008)

The Group's exposure to foreign exchange risk mainly relates to US$, EUR, ZAR, SAR, XOF, MYR AED, IQD, ALL and AZN. The following sensitivity rates used when reporting foreign exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

5. FINANCIAL INSTRUMENTS *(Continued)*

5.2 Financial risk management objectives and policies *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis

As at 31 December 2015, if RMB had strengthened by 3% (2014: 1%) against US$ with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB5,825,000 (2014: RMB3,793,000) higher. The adverse movement in US$ would be an equal and opposite impact on the post-tax profit for the year.

As at 31 December 2015, if RMB had strengthened by 8% (2014: 2%) against EUR with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB8,063,000 (2014: RMB3,031,000) lower (2014: higher). The adverse movement in EUR would be an equal and opposite impact on the post-tax profit for the year.

As at 31 December 2015, if RMB had strengthened by 15% (2014: 5%) against ZAR with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB2,344,000 (2014: RMB741,000) lower. The adverse movement in ZAR would be an equal and opposite impact on the post-tax profit for the year.

As at 31 December 2015, if RMB had strengthened by 3% (2014: 1%) against SAR with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB3,352,000 (2014: RMB2,363,000) lower. The adverse movement in SAR would be an equal and opposite impact on post-tax profit for the year.

As at 31 December 2015, if RMB had strengthened by 8% (2014: 1%) against XOF with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB2,183,000 (2014: RMB295,000) lower. The adverse movement in XOF would be an equal and opposite impact on the post-tax profit for the year.

As at 31 December 2015, if RMB had strengthened by 10% (2014: 1%) against MYR with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB1,640,000 (2014: RMB105,000) lower. The adverse movement in MYR would be an equal and opposite impact on the post-tax profit for the year.

As at 31 December 2015, if RMB had strengthened by 3% (2014: 1%) against AED with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB646,000 (2014: RMB192,000) lower. The adverse movement in AED would be an equal and opposite impact on the post-tax profit for the year.

5. FINANCIAL INSTRUMENTS *(Continued)*

5.2 Financial risk management objectives and policies *(Continued)*

(a) Foreign exchange risk *(Continued)*

Sensitivity analysis (Continued)

As at 31 December 2015, if RMB had strengthened by 5% (2014: 1%) against IQD with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB1,890,000 (2014: RMB1,041,000) lower. The adverse movement in IQD would be equal and opposite impact on the post-tax profit for the year.

As at 31 December 2015, if RMB had strengthened by 7% (2014: 1%) against ALL with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB13,000 (2014: RMB628,000) lower. The adverse movement in ALL would be an equal and opposite impact on the post-tax profit for the year.

As at 31 December 2015, if RMB had strengthened by 10% (2014: 1%) against AZN with all other variables held constant, which was considered reasonably possible at that date by management, the post-tax profit for the year would have been approximately RMB838,000 (2014: RMB496,000) lower. The adverse movement in AZN would be an equal and opposite impact on the post-tax profit for the year.

(b) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its loan receivables, restricted bank balances, bank balances, short-term financing bills, borrowings, corporate bonds and medium-term notes. Bank balances and borrowings at variable rates expose the Group to cash flow interest-rate risk. Loan receivables, restricted bank balances, bank balances, short-term financing bills, borrowings, corporate bonds and medium-term notes at fixed rates expose the Group to fair value interest-rate risk.

The interest rates and maturities of the Group's loan receivables, restricted bank balances, bank balances, short-term financing bills, borrowings, corporate bonds and medium-term notes are disclosed in Notes 32, 34, 35, 37, 38, 42 and 43.

To mitigate the impact of interest rate fluctuations, the Group continually assesses and monitors the exposure to interest rate risk.

5. FINANCIAL INSTRUMENTS *(Continued)*

5.2 Financial risk management objectives and policies *(Continued)*

(b) Cash flow and fair value interest rate risk *(Continued)*

An analysis of the Group's financial assets and liabilities carrying variable interest rates is as follows:

	At variable rates
	RMB'000
31 December 2015	
Bank balance	**11,891,750**
Borrowings	**(11,365,554)**
	526,196

	At variable rates
	RMB'000
31 December 2014	
Bank balance	9,220,288
Borrowings	(11,797,154)
	(2,576,866)

As at 31 December 2015, if the interest rate on variable-rate borrowings and bank balances had been 100 basis points (2014: 100 basis points) higher with all other variables held constant, which was considered reasonably possible at that date by management, profit for the year would has been RMB3,496,000 higher (2014: RMB16,670,000 lower), mainly as a net effect of higher (2014: lower) interest income on bank balances than interest expenses on bank borrowings.

(c) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity securities price risks at the reporting date.

If the price of the respective equity securities had been 10% (2014: 10%) higher/lower, the investment revaluation reserve would increase/decrease by approximately RMB218,536,000 (2014: RMB226,612,000), net of tax for the Group as a result of the changes in fair value of available-for-sale financial assets.

5. FINANCIAL INSTRUMENTS *(Continued)*

5.2 Financial risk management objectives and policies *(Continued)*

(d) Credit risk

The carrying amounts of trade and other receivables (except for prepayments to suppliers and subcontractors), restricted bank balances and bank balances represent the Group's maximum exposure to credit risk in relation to financial assets. The Group has policies in place to ensure that services are rendered and products are sold to customers with appropriate credit history and the Group performs periodic assessment on the credit quality of the customers, taking into account its financial position, past experience and other factors. Normally the Group does not hold any collaterals as security. The directors of the Company consider the Group does not have a significant concentration of credit risk. Contributions from the largest and five largest customers accounted for approximately 1% (2014: 1%) and 3% (2014: 3%) of the Group's total trade receivables as at 31 December 2015.

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

The debtors of the Group are mainly in the PRC. However, the credit risk on geographical locations is limited as the counterparties are spread over among different cities and provinces in the PRC as at 31 December 2015 and 2014.

(e) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group aims to maintain a reasonable level of cash and cash equivalents and flexibility in funding by keeping committed credit lines available.

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, short-term financing bills, borrowings, corporate bonds and medium-term notes.

The maturity analysis of short-term financing bills, borrowings, corporate bonds and medium-term notes that shows the remaining contractual maturities is disclosed in Notes 37, 38, 42 and 43 respectively. Generally there is no specific credit period granted by the suppliers but the related trade payables are normally expected to be settled within one year after receipt of goods or services.

The Group is exposed to liquidity risk as at 31 December 2015 as the Group had net current liabilities of approximately RMB13,441,263,000. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations and the details of which are set out in Note 2.

5. FINANCIAL INSTRUMENTS *(Continued)*

5.2 Financial risk management objectives and policies *(Continued)*

(e) 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. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
As at 31 December 2015						
Non-derivative financial liabilities						
Trade and other payables	19,695,942	–	6,139	–	19,702,081	19,702,081
Dividend payable	11,239	–	–	–	11,239	11,239
Short-term financing bills	5,409,727	–	–	–	5,409,727	5,250,000
Borrowings	16,964,192	2,835,607	3,375,967	494,675	23,670,441	20,119,096
Corporate bonds	2,578,041	–	–	–	2,578,041	2,497,993
Medium-term notes	3,577,135	1,108,363	3,585,690	–	8,271,188	7,259,145
	48,236,276	3,943,970	6,967,796	494,675	59,642,717	54,839,554
Derivative financial instruments – net settlement						
Foreign currency forward contracts						
– inflow	(18,417)	–	–	–	(18,417)	(18,417)
– outflow	9,142	–	–	–	9,142	9,142
	(9,275)	–	–	–	(9,275)	(9,275)

5. FINANCIAL INSTRUMENTS *(Continued)*

5.2 Financial risk management objectives and policies *(Continued)*

(e) Liquidity risk *(Continued)*

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2014						
Non-derivative financial liabilities						
Trade and other payables	19,311,708	–	5,390	–	19,317,098	19,317,098
Dividend payable	9,366	–	–	–	9,366	9,366
Short-term financing bills	6,537,220	–	–	–	6,537,220	6,220,000
Borrowings	16,157,242	3,866,920	4,008,298	590,434	24,622,894	20,856,036
Corporate bonds	135,000	2,578,041	–	–	2,713,041	2,495,162
Medium-term notes	2,045,917	3,749,876	1,795,093	–	7,590,886	6,257,222
	44,196,453	10,194,837	5,808,781	590,434	60,790,505	55,154,884
Derivative financial instruments – net settlement						
Foreign currency forward contracts – outflow	1,690	–	–	–	1,690	1,690

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

5. FINANCIAL INSTRUMENTS *(Continued)*

5.3 Fair value measurements of financial instruments

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Fair value as at 31/12/2015 RMB'000	Fair value as at 31/12/2014 RMB'000	Fair value hierarchy	Valuation techniques and key inputs
Financial assets/liabilities at FVTPL				
Foreign currency forward contracts classified as derivative financial instruments	**Assets: 18,417** **Liabilities: 9,142**	Assets: Nil Liabilities: 1,690	Level 2	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties
Listed available-for-sale financial assets	**2,913,814**	2,984,388	Level 1	Quoted bid prices in an active market

(ii) Fair value hierarchy

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2015				
Financial assets at FVTPL				
Derivative financial assets	–	**18,417**	–	**18,417**
Financial liabilities at FVTPL				
Derivative financial liabilities	–	**(9,142)**	–	**(9,142)**
Available-for-sales financial assets				
Listed equity securities	**2,913,814**	–	–	**2,913,814**
	2,913,814	**9,275**	–	**2,923,089**

5. FINANCIAL INSTRUMENTS *(Continued)*

5.3 Fair value measurements of financial instruments *(Continued)*

(ii) Fair value hierarchy *(Continued)*

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
As at 31 December 2014				
Financial liabilities at FVTPL				
Derivative financial liabilities	–	(1,690)	–	(1,690)
Available-for-sales financial assets				
Listed equity securities	2,984,388	–	–	2,984,388
	2,984,388	(1,690)	–	2,982,698

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

There were no transfers between Level 1 and 2 during the year ended 31 December 2015 and 2014.

The non-current financial assets and non-current financial liabilities are approximate to their fair value.

6. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

The Group monitors its capital on the basis of the net debt ratio which is calculated as net debt divided by total equity. Net debt is calculated as the total amount of interest-bearing debts (including current and non-current borrowings, short-term financing bills, corporate bonds and medium-term notes as shown in the consolidated statement of financial position) less restricted bank balances and bank balances and cash. Based on the opinion of the Company's directors, the Group will focus on reducing short term debts and control the capital investment in lower level in order to to maintain the net debt ratio at a reasonable level in coming future.

6. CAPITAL RISK MANAGEMENT *(Continued)*

The net debt ratios of the Group are as follows:

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
Short-term financing bills *(Note 37)*	**5,250,000**	6,220,000
Borrowings *(Note 38)*	**20,119,096**	20,856,036
Corporate bonds *(Note 42)*	**2,497,993**	2,495,162
Medium-term notes *(Note 43)*	**7,259,145**	6,257,222
Less: Restricted bank balances *(Note 34)*	**(2,108,391)**	(1,402,897)
Bank balances and cash *(Note 35)*	**(12,951,117)**	(10,108,923)
Net debt	**20,066,726**	24,316,600
Total equity	**33,642,283**	31,020,192
Net debt ratio	**59.65%**	78.39%

The Group did not breach any loan covenants at the end of the reporting period.

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, 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.

Critical judgments in applying the entity's accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have 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:

(a) Going concern basis

Although the Group had net current liabilities at the end of the reporting period, the Group manages its liquidity risk by monitoring its current and expected liquidity requirements regularly and ensuring sufficient liquid cash to meet the Group's liquidity requirements in the short and long term. Details of liquidity risk are disclosed in Note 5.2.

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgments in applying the entity's accounting policies *(Continued)*

(b) De facto control over subsidiaries

The Group's management exercises its critical judgment when determining whether the Group has de facto control over an entity by evaluating, among other things: (i) the amount of additional interests in the subsidiary required to be acquired by the Group so as to obtain the legal rights to direct the relevant activities (including financial and operating activities); (ii) the ability to demonstrate effective control during the shareholders' meetings and board meetings; (iii) the extent of reliance of the subsidiary on the financial and operational support from the Group; (iv) the extent of involvement of directors of the subsidiary nominated by the Group in its relevant activities (including financial and operating policies setting and decision making). In exercising the judgments the directors of the Company considered that the Group had dominant voting interests to direct the relevant activities of subsidiaries with de facto control on the basis of the Group's absolute size of shareholding and the relevant size and dispersion of voting interests of other equity holders and other contractual arrangements. Further details of significant subsidiaries of the judgment are set out in Note 52(a)(i) for details.

(c) Significant influence over associates

The Group's management exercises its critical judgment when determining whether the Group has significant influence over an entity by one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distribution; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information. Further details of the judgement are set out in Note 52(c).

(d) Joint arrangements

The Group's management exercises its critical judgment when determining whether the joint arrangement of the Group is under joint venture or joint operation. The Group determines the classification of joint arrangements based on the rights and obligations to the joint arrangements and determined that the Group's joint arrangements are joint ventures as the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

(e) Available-for-sale investments

The Group's management exercises its critical judgements when determining the classification of equity investments as available-for-sale investments. Further details of the judgement as set out in Note 29.

(f) Current and deferred income tax

The Group is subject to income taxes in several jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgments in applying the entity's accounting policies *(Continued)*

(f) Current and deferred income tax *(Continued)*

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimates are changed.

(g) Ownership of the buildings

Despite the Group has paid the full purchase consideration as detailed in Note 21, formal titles of certain of the Group's rights to the use of the buildings were not yet granted from the relevant government authorities. In the opinion of the directors of the Company, the absence of formal title to these buildings does not impair the value of the relevant assets to the Group.

Key sources of estimation uncertainty

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

(a) Useful lives and residual value of property, plant and equipment

The Group's management determines the residual value, useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions. They could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where residual value or useful lives are less than previously estimated.

(b) 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 judgment and estimates on future operating cash flows and discount rates adopted. As at 31 December 2015, the carrying amount of property, plant and equipment is approximately RMB45,879,793,000 (net of accumulated impairment approximately RMB776,110,000 (2014: Carrying amount of approximately RMB45,375,394,000, net of accumulated impairment of approximately RMB674,057,000).

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Impairment loss recognised in respect of available-for-sale financial assets

The Group follows the guidance of HKAS 39 Financial Instruments – Recognition and Measurement in determining when an available-for-sale financial asset carried at cost is impaired. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. As at 31 December 2015, the carrying amount of available-for-sale financial assets carried at cost is approximately RMB197,618,000 (net of impairment loss of approximately RMB109,812,000) (2014: carrying amount of approximately RMB587,657,000 net of impairment loss of approximately RMB109,206,000).

(d) Allowance for inventories

During the year, the Group reversed the allowance of inventories of approximately RMB11,385,000 (2014: RMB14,251,000). The Group makes allowance for inventories based on assessment of the net realisable value of inventories. Allowance 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 judgment and estimates on the conditions and usefulness of the inventories. As at 31 December 2015, the carrying amount of inventories is approximately RMB9,377,646,000 (net of accumulated allowance of inventories approximately of RMB572,489,000) (2014: carrying amount of approximately RMB8,902,852,000, net of accumulated allowance of inventories of approximately RMB444,849,000).

(e) Impairment loss recognised in respect of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables with the accounting policy stated in Note 4. Such provision for impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Management reassesses the adequacy of any such provision on a regular basis. As at 31 December 2015, the carrying amount of trade and other receivables is approximately RMB20,465,472,000 (net of impairment loss of approximately RMB3,131,219,000) (2014: carrying amount of approximately RMB22,096,660,000, net of impairment loss of approximately RMB2,982,673,000).

(f) Impairment loss of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 4. The recoverable amounts of cash-generating units have been determined based on the higher of the cash-generating unit's ("CGU") fair value less costs to sell and its value in use. These calculations require the use of estimates which are disclosed in Note 25. As at 31 December 2015, the carrying value of goodwill is approximately RMB1,627,849,000 (net of accumulated impairment loss of approximately RMB323,744,000) (2014: carrying amount of approximately RMB462,656,000, net of accumulated impairment loss of approximately RMB323,744,000).

Further details of the Group's goodwill and the results of the review undertaken by management as at 31 December 2015 are set out in Notes 24 and 25 respectively.

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(g) Impairment of intangible assets (excluding goodwill) and mining rights

At the end of the reporting period, the directors of the Company review the carrying amounts of its intangible assets (excluding goodwill mentioned above) and mining rights with finite useful lives of approximately RMB414,246,000 and RMB551,692,000 respectively (2014: RMB189,276,000 and RMB562,954,000 respectively) and identified there is indication that certain intangible assets may suffer an impairment loss. Accordingly, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss. The estimates of the recoverable amounts of the assets require the use of assumptions such as cash flow projections and discount rates. Based on the estimated recoverable amounts, impairment loss of RMB3,384,000 (2014: RMB77,658,000) has been recognised in profit or loss.

(h) Construction contracts

Revenue from individual contracts is recognised under the percentage of completion method which requires judgment of the management. Anticipated losses are fully provided on contracts when identified. Management estimates the amount of foreseeable losses of construction work based on the estimation prepared for the construction contracts. Because of the nature of the activity undertaken in construction and engineering businesses, the contract activity will usually last for a period over one year and therefore fall into different accounting periods. During the year ended 31 December 2015, foreseeable losses on construction contracts of approximately RMB63,872,000 (2014: RMB61,921,000) have been recognised.

The Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses and regularly reviews the progress of the contracts and the corresponding costs of the contract revenue. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the consolidated income statement in the period in which the circumstances that give rise to the revision become known by management.

(i) Contingent liabilities in respect of litigations and claims

The Group has been engaged in a number of litigations and claims in respect of certain construction works. Contingent liabilities arising from these litigations and claims have been assessed by management with reference to legal advice. Provisions on the possible obligation have been made based on management's best estimates and judgments. As at 31 December 2015 and 2014, no provision has been made in respect of litigations and claims.

(j) Provision for warranties

Provisions for the expected cost of warranty obligations under the sale contracts are recognised at the date of sale of the relevant products, at the best estimate of the directors of the Company the expenditure required to settle the Group's obligation. As at 31 December 2015, the carrying amount of provision for warranties is approximately RMB146,853,000 (2014: RMB102,257,000).

8. TURNOVER

Turnover represents revenue arising from provision of cement equipment and engineering services, production and sales of cement and high-tech materials, net of discounts, returns and sales related taxes.

	2015	2014
	RMB'000	*RMB'000*
Turnover comprises:		
– Cement equipment and engineering services	**24,167,061**	23,806,356
– Cement	**18,807,894**	23,280,255
– High-tech materials	**10,283,914**	8,198,211
	53,258,869	55,284,822

9. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the nature of business for the goods supplied and services provided. The directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Cement equipment and engineering services	Provision of engineering equipment and engineering services for new dry process cement production lines and mining projects and equipment manufacturing
Cement	Production and sales of cement, clinker and commercial concrete
High-tech materials	Production and sales of glass fiber, glass fiber products, specialty fiber, fiber reinforcement composite materials and standard sand; equipment and engineering services for glass fiber production and non-metal mineral fine processing and advance ceramics

9. SEGMENT INFORMATION *(Continued)*

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2015

	Cement equipment and engineering services *RMB'000*	Cement *RMB'000*	High-tech materials *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
REVENUE					
External sales	24,167,061	18,807,894	10,283,914	–	53,258,869
Inter-segment sales	640,224	13,456	49,881	(703,561)	–
Total	24,807,285	18,821,350	10,333,795	(703,561)	53,258,869
Segment results	1,057,848	731,899	1,246,625	1,864	3,038,236
Unallocated operating income and expenses					312,978
Interest income					177,306
Finance costs					(2,057,760)
Share of results of associates					29,397
Share of results of joint ventures					(13,059)
Profit before tax					1,487,098

9. SEGMENT INFORMATION *(Continued)*

(a) Segment revenues and results *(Continued)*

For the year ended 31 December 2014

	Cement equipment and engineering services *RMB'000*	Cement *RMB'000*	High-tech materials *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
REVENUE					
External sales	23,806,356	23,280,255	8,198,211	–	55,284,822
Inter-segment sales	1,299,288	38,297	371,904	(1,709,489)	–
Total	25,105,644	23,318,552	8,570,115	(1,709,489)	55,284,822
Segment results	505,918	3,223,147	558,596	(167,402)	4,120,259
Unallocated operating income and expenses					(32,871)
Interest income					121,657
Finance costs					(2,165,066)
Share of results of associates					74,393
Share of results of joint ventures					(84,696)
Profit before tax					2,033,676

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profits represent the profit earned by each segment without allocation of interest income, finance costs, share of results of associates, share of results of joint ventures. Unallocated operating income and expenses including gain on disposal of available-for-sale financial assets, dividend income and other head office administrative expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

9. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	31/12/2015 RMB'000	31/12/2014 RMB'000
Cement equipment and engineering services	**20,559,364**	19,137,158
Cement	**45,709,150**	47,339,209
High-tech materials	**19,284,639**	17,933,434
Total segment assets	**85,553,153**	84,409,801
Eliminations	**(1,965,085)**	(1,922,555)
Unallocated assets	**19,809,532**	17,417,358
Consolidated assets	**103,397,600**	99,904,604

Segment liabilities

	31/12/2015 RMB'000	31/12/2014 RMB'000
Cement equipment and engineering services	**19,945,321**	19,093,910
Cement	**12,793,937**	11,963,447
High-tech materials	**3,943,192**	3,694,634
Total segment liabilities	**36,682,450**	34,751,991
Eliminations	**(3,793,333)**	(3,257,551)
Unallocated liabilities	**36,866,200**	37,389,972
Consolidated liabilities	**69,755,317**	68,884,412

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than deferred income tax assets and unallocated assets including interests in associates, interests in joint ventures, investment properties, available-for-sale financial assets, derivative financial instruments, restricted bank balances, bank balances and cash and certain unallocated head office assets; and

- all liabilities are allocated to operating segments other than income tax liabilities, deferred income tax liabilities and unallocated liabilities including derivative financial instruments, short-term financing bills, borrowings, corporate bonds, medium-term notes, dividend payable and certain unallocated head office liabilities.

9. SEGMENT INFORMATION *(Continued)*

(c) Other segment information

For the year ended 31 December 2015

	Cement equipment and engineering services RMB'000	Cement RMB'000	High-tech materials RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment results or segment assets:					
Depreciation on property, plant and equipment and investment properties	211,024	2,524,209	651,702	943	3,387,878
Amortisation	35,816	137,262	89,261	265	262,604
Impairment loss recognised in respect of:					
– property, plant and equipment	–	146,255	23,633	–	169,888
– intangible assets	–	3,384	–	–	3,384
– trade receivables	80,177	5,595	5,713	–	91,485
– prepayments to suppliers and subcontractors and other receivables	233,817	17,894	31,481	–	283,192
– available-for-sale financial assets	606	–	–	–	606
Allowance for inventories	23,736	69,283	46,006	–	139,025
Reversal of allowance for inventories	–	–	(11,385)	–	(11,385)
Reversal of impairment of other receivables	(44,937)	(23,940)	(39,227)	–	(108,104)
Net (gain) loss on disposals of property, plant and equipment	(24,197)	2,412	(11,006)	–	(32,791)
Net gain on disposals of prepaid lease payments	–	–	(27,786)	–	(27,786)
Gain on disposals of available-for-sale financial assets	–	–	–	(312,992)	(312,992)
Gain on disposal of a joint venture	–	–	–	(767)	(767)
Gain on deemed disposal of a joint venture	–	–	–	(47,250)	(47,250)
Gain on bargain purchase	–	–	–	(66,645)	(66,645)
Loss on deemed disposal of an associate	–	–	–	21,961	21,961
Loss on deemed disposal of an available-for-sale financial asset	–	–	–	67,287	67,287
Waiver of other payables	(2,918)	(3,013)	(2,871)	–	(8,802)
Government grants	(35,163)	(119,466)	(120,054)	–	(274,683)
Foreseeable losses on construction contracts	63,872	–	–	–	63,872
Additions to non-current assets *(Note)*	2,263,914	3,463,332	1,295,051	223	7,022,520
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:					
Interest income	(123,608)	(18,928)	(28,967)	(5,803)	(177,306)
Finance costs	172,236	1,148,593	380,956	355,975	2,057,760
Share of results of associates	–	(19,664)	(538)	(9,195)	(29,397)
Share of results of joint ventures	–	–	13,059	–	13,059
Income tax expense	232,189	104,013	84,476	78,361	499,039
Interests in associates	172,034	1,543	28,323	–	201,900
Interests in joint ventures	–	–	6,113	–	6,113

9. SEGMENT INFORMATION *(Continued)*

(c) Other segment information *(Continued)*

For the year ended 31 December 2014

	Cement equipment and engineering services *RMB'000*	Cement *RMB'000*	High-tech materials *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment results or segment assets:					
Depreciation on property, plant and equipment and investment properties	282,548	2,220,445	908,212	984	3,412,189
Amortisation	30,673	102,621	58,188	163	191,645
Impairment loss recognised in respect of:					
– property, plant and equipment	21,439	175,530	85,675	–	282,644
– intangible assets	–	41,042	36,616	–	77,658
– trade receivables	217,943	17,321	14,564	–	249,828
– prepayments to suppliers and subcontractors and other receivables	189,731	12,753	10,249	–	212,733
– loan receivables	1,473	6,531	3,386	–	11,390
Allowance for inventories	27,157	75,313	49,988	–	152,458
Reversal of allowance for inventories	–	–	(14,251)	–	(14,251)
Reversal of impairment of other receivables	–	–	(13,447)	–	(13,447)
Net (gain) loss on disposals of property, plant and equipment	9,256	3,523	(2,389)	–	10,390
Net gain on disposals of prepaid lease payments	–	(259,118)	–	–	(259,118)
Gain on disposals of available-for-sale financial assets	–	–	–	(229)	(229)
Waiver of other payables	(4,980)	(5,312)	(1,065)	–	(11,357)
Government grants	(21,314)	(151,715)	(146,447)	–	(319,476)
Foreseeable losses on construction contracts	61,921	–	–	–	61,921
Additions to non-current assets *(Note)*	352,575	3,209,105	1,432,356	2,685	4,996,721
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:					
Interest income	(56,487)	(32,961)	(30,069)	(2,140)	(121,657)
Finance costs	298,970	1,259,376	399,469	207,251	2,165,066
Share of results of associates	–	(61,346)	(1,079)	(11,968)	(74,393)
Share of results of joint ventures	–	–	84,696	–	84,696
Income tax expense	238,156	400,008	79,882	–	718,046
Interests in associates	165,390	1,576	27,785	658,460	853,211
Interests in joint ventures	–	–	49,542	–	49,542

Note: Non-current assets exclude trade and other receivables, available-for-sale financial assets and deferred income tax assets.

9. SEGMENT INFORMATION *(Continued)*

(d) Geographical information

The Group operates in six principal geographical areas – the PRC (country of domicile), Middle East, Africa, other Asian countries, America and Europe.

The Group's revenue from external customers based on location of operations and information about its non-current assets by geographical location are detailed as below:

	Revenue from external customers		Non-current assets	
	2015	2014	**31/12/2015**	31/12/2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**33,540,944**	36,574,186	**53,102,363**	52,000,604
Middle East	**3,319,372**	3,172,693	**21,933**	22,351
Africa	**7,212,815**	6,654,982	**7,814**	8,184
Other Asian countries	**5,540,943**	4,809,124	**1,307**	1,103
Europe	**1,822,154**	1,953,503	**327,327**	–
America	**1,451,929**	1,711,225	**–**	–
Others	**370,712**	409,109	**–**	–
	53,258,869	55,284,822	**53,460,744**	52,032,242

Non-current assets exclude trade and other receivables, available-for-sale financial assets and deferred income tax assets.

(e) Information about major customers

During the two years ended 31 December 2015 and 2014, no revenue from transactions with any single external customer amounted to 10% or more of the Group's revenue.

10. INTEREST INCOME

	2015	2014
	RMB'000	*RMB'000*
Interest income on bank deposits	**175,972**	117,370
Interest income on loan receivables	**1,334**	4,287
Total interest income	**177,306**	121,657

11. OTHER GAINS

	2015	2014
	RMB'000	*RMB'000*
Gain on debts restructuring *(Note a)*	**17,455**	8,526
Net gain on disposals of property, plant and equipment	**32,791**	–
Net gain on disposals of prepaid lease payments	**27,786**	259,118
Gain on disposals of available-for-sale financial assets	**312,992**	229
Gain on disposal of intangible assets	**777**	328
Gain on disposal of a joint venture	**767**	–
Gain on deemed disposal of a joint venture	**47,250**	–
Gain on bargain purchase	**66,645**	–
Change in fair values of foreign currency forward contracts	**9,275**	–
Exchange gain on realisation of foreign currency forward contracts	**1,690**	8,957
Dividend income on available-for-sale financial assets *(Note b)*	**20,583**	25,006
Income from sales of scrap materials	**240**	1,672
Penalty income *(Note c)*	**10,899**	9,886
Rental income *(Note d)*	**38,858**	36,876
Reversal of impairment loss of other receivables	**108,104**	13,447
Waiver of other payables	**8,802**	11,357
Value-added tax refunds *(Note e)*	**428,309**	679,167
Government grants		
– utilisation/amortisation of deferred income for the year *(Note 44)*	**204,112**	206,629
– grants related to expenses recognised as other gains *(Note f)*	**70,571**	112,847
Others	**5,388**	3,361
	1,413,294	1,377,406

Notes:

(a) During the year, certain subsidiaries of the Company had settled certain bank borrowings and trade and other payables at a discount of approximately RMB17,455,000 (2014: RMB8,526,000).

(b) Dividend income from available-for-sale financial assets represented dividend income from listed and unlisted equity investments.

(c) The penalty income mainly represented the compensation income received from the subcontractors or constructors in relation to delays of contract works or construction of property, plant and equipment.

11. OTHER GAINS *(Continued)*

Notes: (Continued)

(d) Rental income:

	2015 **RMB'000**	2014 RMB'000
Gross rental income from investment properties	**38,858**	36,876
Less: Direct operating expenses that generated rental income (included in administrative expenses)	**(25,513)**	(24,512)
Net rental income from investment properties	**13,345**	12,364

(e) The balances represent refunds of value-added tax paid by certain subsidiaries since these subsidiaries produce certain specific cement products.

(f) These 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.

12. EXCHANGE GAIN (LOSS)

	2015 **RMB'000**	2014 RMB'000
Net exchange gain (loss)	**115,712**	(44,125)
Less: Net foreign exchange loss on bank borrowings *(Note 14)*	**5,652**	1,242
Exchange gain (loss) arising from the operating activities	**121,364**	(42,883)

13. OTHER EXPENSES

	2015 **RMB'000**	2014 RMB'000
Penalty	**35,537**	20,726
Donations	**6,986**	3,045
Change in fair values of foreign currency forward contracts	**–**	5,204
Loss on deemed disposal of an associate	**21,961**	–
Loss on deemed disposal of an available-for-sale financial asset	**67,287**	–
Net loss on disposals of property, plant and equipment	**–**	10,390
Others	**22,868**	54,090
	154,639	93,455

14. FINANCE COSTS

	2015 **RMB'000**	2014 RMB'000
Interest expenses		
– Bank borrowings	**1,299,649**	1,441,059
– Corporate bonds	**137,831**	137,683
– Medium-term notes	**353,064**	490,538
– Short-term financing bills	**311,964**	162,267
– Other borrowings	**12,788**	15,614
	2,115,296	2,247,161
Less: Amounts capitalised as construction in progress *(Note)*	**(80,037)**	(100,804)
	2,035,259	2,146,357
Net foreign exchange loss on bank borrowings *(Note 12)*	**5,652**	1,242
Discount charges on bank acceptance notes	**16,849**	17,467
Total finance costs	**2,057,760**	2,165,066

Note: Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 6.54% (2014: 6.47%) per annum to expenditure on qualifying assets.

15. INCOME TAX EXPENSE

The Group has no operations in Hong Kong and is therefore not subject to Hong Kong profits tax for both years.

Certain of the companies now comprising the Group are subject to the PRC enterprise income tax, which has been provided for based on the statutory income tax rates of 25% (2014: 25%) on the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations except that certain subsidiaries and joint ventures which were taxed at preferential rate of 15% (2014: 15%).

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

15. INCOME TAX EXPENSE *(Continued)*

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	2015 **RMB'000**	2014 RMB'000
Current income tax:		
– PRC enterprise income tax	**542,757**	835,941
– Overseas taxation	**1,721**	2,158
– Under provision in previous years	**1,528**	1,977
	546,006	840,076
Deferred income tax *(Note 45)*		
– Other deferred income tax	**(46,967)**	(122,030)
	499,039	718,046

The difference between the actual income tax expense in the consolidated statement of profit or loss and the amounts which is calculated based on the statutory tax rate of 25% (2014: 25%) is as follows:

	2015 **RMB'000**	2014 RMB'000
Profit before tax	**1,487,098**	2,033,676
Less: Share of results of associates	**(29,397)**	(74,393)
Less: Share of results of joint ventures	**13,059**	84,696
	1,470,760	2,043,979
Tax calculated at the statutory tax rate of 25% (2014: 25%)	**367,690**	510,995
Tax effect of income not taxable for tax purpose	**(50,806)**	(32,961)
Tax effect of expenses not deductible for tax purpose	**189,614**	280,021
Tax effect of tax losses not recognised	**66,916**	52,077
Utilisation of tax losses previously not recognised	**–**	(6,102)
Additional deduction arising from research and development expenditure	**(4,103)**	(3,095)
Effect of differences in tax rates applicable to certain domestic subsidiaries	**(70,288)**	(83,472)
Additional deduction arising from equipment produced in the PRC	**(1,512)**	(1,394)
Under provision in previous years	**1,528**	1,977
Income tax expense	**499,039**	718,046

Details of deferred taxation are shown in Note 45.

16. PROFIT FOR THE YEAR

The Group's profit for the year has been arrived at after charging (crediting):

	2015	2014
	RMB'000	*RMB'000*
Cost of inventories recognised as expenses	**27,879,915**	29,421,765
Auditor's remuneration	**9,500**	10,000
Employee benefit expense (including directors', supervisors', chief executive's and senior management's emoluments) *(Note 17)*	**3,853,484**	3,943,085
Depreciation and amortisation:		
– property, plant and equipment	**3,365,860**	3,388,251
– prepaid lease payments	**80,205**	86,855
– investment properties	**22,018**	23,938
– intangible assets	**108,337**	51,551
– mining rights	**74,062**	53,239
Operating lease rentals	**105,984**	93,489
Share of income tax expenses:		
– associates	**7,351**	18,490
– joint ventures	**–**	15
Research and development costs	**934,579**	912,732
Safety fund set aside	**151,947**	161,584
Provision for warranties *(Note 41)* (included in cost of sales)	**108,386**	52,926
Foreseeable losses on construction contracts (included in cost of sales)	**63,872**	61,921
Loss on deemed disposal of an associate *(Note 27)*	**21,961**	–
Loss on deemed disposal of an available-for-sale financial asset *(Note 29(c))*	**67,287**	–
Impairment loss recognised in respect of:		
– trade receivables (included in administrative expenses)	**91,485**	249,828
– prepayments to suppliers and subcontractors and other receivables (included in administrative expenses)	**283,192**	212,733
– loan receivables (included in administrative expenses)	**–**	11,390
– property, plant and equipment (included in cost of sales and administrative expenses)	**169,888**	282,644
– intangible assets (included in administrative expenses)	**3,384**	77,658
– available-for-sale financial assets (included in administrative expenses)	**606**	–
Allowance for inventories (included in cost of sales)	**139,025**	152,458
Reversal of allowance for inventories (included in cost of sales)	**(11,385)**	(14,251)

17. EMPLOYEE BENEFITS

	2015 **RMB'000**	2014 *RMB'000*
Salaries, wages and bonuses	**2,599,602**	2,644,746
Contributions to pension plans *(Note a)*	**466,002**	474,507
Early retirement and supplemental pension benefits *(Note 39 and Note b)*	**12,197**	38,093
Housing funds *(Note c)*	**100,704**	101,463
Cash-settled share-based payments *(Note 40)*	**–**	(113)
Welfare, medical and other expenses	**674,979**	684,389
	3,853,484	3,943,085

Notes:

(a) During the two years ended 31 December 2015 and 2014, the employees of the Company and the subsidiaries in the PRC participate in various retirement benefit plans organised by the relevant municipal and provincial governments in the PRC to which the Group is required to make monthly contributions at rates ranging from 18% to 22%, depending on the applicable local regulations, of the employees' basic salary for the previous year.

(b) Certain employees of the Group were directed to early retire in previous years. Early retirement benefits are recognised in the consolidated statement of profit or loss in the period in which the Group entered into an agreement specifying the terms of redundancy or after the individual employee had been advised of the specific terms. These specific terms vary among the terminated and early retired employees depending on various factors including position, length of service and location of the employee concerned.

The Group also provided supplemental pension subsidies or pension contributions to certain employees who retired prior to 31 December 2006. The costs of providing these pension subsidies and pension contributions are charged to the consolidated statement of profit or loss so as to spread the service costs over the average service lives of the retirees. Employees who retire after 31 December 2006 are not entitled to such supplemental pension subsidies or pension contributions.

(c) These represent contributions to the government-sponsored housing funds (at rates ranging from 6% to 12% of the employees basic salary of the previous year) in the PRC for both years.

18. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors', supervisors' and chief executive's emoluments

	2015 **RMB'000**	2014 RMB'000
Directors, supervisors and the chief executive		
– Fee for directors, supervisors and the chief executive	**750**	795
– Basic salaries, housing allowances and other allowances	**1,299**	1,147
– Contributions to pension plans	**132**	120
– Discretionary bonuses	**732**	506
– Cash-settled share-based payments	**–**	(27)
	2,913	2,541

(i) The emoluments of every director, supervisor and the chief executive for the year ended 31 December 2015 were set out below:

Name	Fee for directors, supervisors and the chief executive *RMB'000*	Basic salaries, housing allowances and other allowances *RMB'000*	Contributions to pension plans *RMB'000*	Discretionary bonuses *RMB'000*	Cash-settled share-based payments *RMB'000*	Total *RMB'000*
Executive directors						
– Mr. Liu Zhijang	–	–	–	–	–	–
– Mr. Peng Jianxin	–	607	44	642	–	1,293
Non-executive directors						
– Mr. Li Xinhua	–	–	–	–	–	–
– Mr. Yu Shiliang	–	–	–	–	–	–
– Mr. Tang Baoqi	60	–	–	–	–	60
– Mr. Li Jianlun	–	–	–	–	–	–
– Mr. Yu Guobo	–	–	–	–	–	–
Independent non-executive directors						
– Mr. Leung Chong Shun	180	–	–	–	–	180
– Mr. Lu Zhengfei	180	–	–	–	–	180
– Mr. Wang Shimin	165	–	–	–	–	165
– Mr. Zhou Zude	150	–	–	–	–	150
Supervisors						
– Ms. Xu Weibing	–	–	–	–	–	–
– Mr. Wang Jianguo	15	–	–	–	–	15
– Mr. Zhang Renjie *(Note (ii)d)*	–	–	–	–	–	–
– Mr. Qu Xiaoli	–	299	44	54	–	397
– Mr. Wang Yingcai	–	393	44	36	–	473
	750	1,299	132	732	–	2,913

18. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors', supervisors' and chief executive's emoluments *(Continued)*

(ii) The emoluments of every director, supervisor and the chief executive for the year ended 31 December 2014 were set out below:

Name	Fee for directors, supervisors and the chief executive *RMB'000*	Basic salaries, housing allowances and other allowances *RMB'000*	Contributions to pension plans *RMB'000*	Discretionary bonuses *RMB'000*	Cash-settled share-based payments *RMB'000*	Total *RMB'000*
Executive directors						
– Mr. Liu Zhijang	–	–	–	–	(9)	(9)
– Mr. Peng Jianxin *(Note a)*	–	492	40	410	–	942
Non-executive directors						
– Mr. Li Xinhua *(Note b)*	–	–	–	–	(9)	(9)
– Mr. Yu Shiliang	–	–	–	–	(9)	(9)
– Mr. Zhang Hai *(Note c)*	–	–	–	–	–	–
– Mr. Tang Baoqi	60	–	–	–	–	60
– Mr. Li Jianlun	–	–	–	–	–	–
– Mr. Yu Guobo	–	–	–	–	–	–
Independent non-executive directors						
– Mr. Leung Chong Shun	180	–	–	–	–	180
– Mr. Lu Zhengfei	180	–	–	–	–	180
– Mr. Wang Shimin	180	–	–	–	–	180
– Mr. Zhou Zude	180	–	–	–	–	180
Supervisors						
– Ms. Xu Weibing	–	–	–	–	–	–
– Mr. Wang Jianguo	15	–	–	–	–	15
– Mr. Zhang Renjie *(Note d)*	–	–	–	–	–	–
– Mr. Qu Xiaoli	–	280	40	48	–	368
– Mr. Wang Yingcai	–	375	40	48	–	463
	795	1,147	120	506	(27)	2,541

Notes:

a. Appointed as non-executive director on 21 October 2014 and re-designated from non-executive director to executive director on the same day. Peng Jianxin is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

b. Re-designated from executive director to non-executive director on 21 October 2014 and resigned from chief executive on the same date.

c. Ceased to be a non-executive director on 21 October 2014.

d Waived emoluments amounted to RMB15,000 (2014: RMB15,000) for the year ended 31 December 2015. Zhang Renjie resigned as a supervisor of the Company with effect from 29 March 2016.

e. In addition to the directors' emoluments disclosed above, certain directors and supervisors of the Company received emoluments from Sinoma Group in aggregate of approximately RMB3,654,036 (2014: RMB2,968,682) and RMB682,087 (2014: RMB553,620) respectively for the year ended 31 December 2015.

18. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors', supervisors' and chief executive's emoluments *(Continued)*

(iii) During the year ended 31 December 2015, one supervisor waived emoluments of RMB15,000 (2014: RMB15,000). The Group did not make any payment to any of the directors or supervisors or the chief executive as incentive upon their joining the Group or as compensation for the loss of their offices.

The discretionary bonuses of directors, supervisors and the chief executive for the two years ended 31 December 2015 and 2014 is determined by the remuneration committee and having regard to the performance of individuals and market trends.

(b) Five highest paid individuals

(i) The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2015 include one director (also the chief executive) (2014: Nil) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2014: five) individuals during the year are as follows:

	2015 RMB'000	2014 RMB'000
Basic salaries, housing allowances and other allowances	1,816	2,323
Contributions to pension plans	177	198
Discretionary bonuses	3,674	3,271
	5,667	5,792

(ii) The emoluments of the above individuals fell within the following bands:

	2015	2014
HK$1,000,001 to HK$1,500,000 (2015: equivalent to RMB 803,501 to RMB 1,205,250 and 2014: equivalent to RMB792,501 to RMB1,188,750)	1	4
HK$1,500,001 to HK$2,000,000 (2015: equivalent to RMB 1,205,251to RMB 1,607,000 and 2014: equivalent to RMB1,188,751 to RMB1,585,000)	2	1
HK$2,000,001 to HK$2,500,000 (2015: equivalent to RMB 1,607,001 to RMB 2,008,750 and 2014: equivalent to RMB1,585,001 to RMB1,981,250)	1	–
	4	5

18. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals *(Continued)*

(iii) During the two years ended 31 December 2015 and 2014, no individuals of the Company agreed to waive or waived any emoluments and no emoluments were paid by the Company to any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

19. DIVIDENDS

	2015 ***RMB'000***	2014 *RMB'000*
Dividends paid and recognised as distribution during the year:		
– 2014 final dividend: RMB0.03 (2014: 2013 final dividend RMB0.02) per share	**107,144**	71,429

The 2015 final dividend of RMB0.03 (2014: RMB0.03) per share (tax inclusive) has been proposed by the directors of the Company and is subject to the approval by the shareholders at the forthcoming annual general meeting.

20. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during each of the year ended 31 December 2015 and 2014.

	2015	2014
Profit for the year attributable to owners of the Company (RMB'000)	**772,122**	507,156
Weighted average number of ordinary shares in issue ('000)	**3,571,464**	3,571,464
Basic earnings per share (RMB)	**0.216**	0.142

(b) Diluted

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the two years ended 31 December 2015 and 2014.

21. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, office and other equipment RMB'000	Construction–in-progress RMB'000	Total RMB'000
At 1 January 2014	18,565,342	21,954,786	1,183,051	674,268	2,832,739	45,210,186
Additions	473,796	235,696	90,828	142,245	3,603,483	4,546,048
Disposals	(250,655)	(244,425)	(99,067)	(115,798)	–	(709,945)
Reclassification upon completion	1,935,217	1,784,442	4,173	22,136	(3,745,968)	–
Depreciation charged for the year	(797,055)	(2,106,284)	(284,218)	(200,694)	–	(3,388,251)
Impairment loss recognised in the consolidated statement of profit or loss	(120,828)	(148,780)	(4,994)	(2,140)	(5,902)	(282,644)
At 31 December 2014 and 1 January 2015	**19,805,817**	**21,475,435**	**889,773**	**520,017**	**2,684,352**	**45,375,394**
Additions	**528,821**	**372,165**	**112,544**	**158,454**	**2,423,552**	**3,595,536**
Attributable to acquisition of subsidiaries *(Note 47)*	**287,654**	**684,932**	**138,563**	**46,387**	**229,771**	**1,387,307**
Disposals	**(188,042)**	**(664,665)**	**(43,158)**	**(46,831)**	**–**	**(942,696)**
Reclassification upon completion	**850,008**	**2,215,602**	**3,199**	**91,629**	**(3,160,438)**	**–**
Depreciation charged for the year	**(831,102)**	**(2,075,315)**	**(251,373)**	**(208,070)**	**–**	**(3,365,860)**
Impairment loss recognised in the consolidated statement of profit or loss	**(95,385)**	**(69,030)**	**(325)**	**(2,875)**	**(2,273)**	**(169,888)**
At 31 December 2015	**20,357,771**	**21,939,124**	**849,223**	**558,711**	**2,174,964**	**45,879,793**
At 31 December 2015						
Cost	**24,564,924**	**33,591,696**	**1,815,310**	**1,446,770**	**2,199,678**	**63,618,378**
Accumulated depreciation	**(3,798,606)**	**(11,342,921)**	**(948,444)**	**(855,965)**	**(16,539)**	**(16,962,475)**
Accumulated impairment loss	**(408,547)**	**(309,651)**	**(17,643)**	**(32,094)**	**(8,175)**	**(776,110)**
Carrying values	**20,357,771**	**21,939,124**	**849,223**	**558,711**	**2,174,964**	**45,879,793**
At 31 December 2014						
Cost	23,234,481	31,443,697	1,668,456	1,278,301	2,706,793	60,331,728
Accumulated depreciation	(3,076,540)	(9,699,313)	(761,175)	(728,710)	(16,539)	(14,282,277)
Accumulated impairment loss	(352,124)	(268,949)	(17,508)	(29,574)	(5,902)	(674,057)
Carrying values	19,805,817	21,475,435	889,773	520,017	2,684,352	45,375,394

21. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of profit or loss as follows:

	2015 RMB'000	2014 RMB'000
Cost of sales	**2,928,971**	3,009,277
Selling and marketing expenses	**77,622**	89,336
Administrative expenses	**359,267**	289,638
	3,365,860	3,388,251

(b) The buildings mainly situated on the land located in the PRC.

(c) As at 31 December 2015, borrowings are secured by certain property, plant and equipment of the Group with an aggregate carrying values of approximately RMB2,475,405,000 (2014: RMB2,069,526,000) (Note 38).

(d) During the year, the directors of the Company conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired, due to an adverse operation environment, physical damage and technical obsolescence. Accordingly, impairment loss of approximately RMB169,888,000 (2014: RMB282,644,000) has been recognised for those assets, which are used in the cement segment and high-tech materials segment. The recoverable amounts of the relevant assets were RMB142,115,000 (2014: RMB134,835,000) and have been determined on the basis of their values in use by adopting discount rate ranged from 5.78% to 10.13% (2014: 6.19% to 11.21%).

(e) The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	2.5% to 5%
Plant and machinery	6.67% to 20%
Motor vehicles	10% to 20%
Furniture, office and other equipment	10% to 20%

(f) At 31 December 2015, the Group has not obtained the formal ownership certificates for certain properties including in the buildings above, the carrying values of which at that date were approximately RMB1,307,721,000 (2014: RMB255,479,000). In the opinion of the directors of the Company, the absence of formal title to these properties does not impair their values to the Group as the Group has paid the full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

22. PREPAID LEASE PAYMENTS

	2015 *RMB'000*	2014 *RMB'000*
Cost	**4,899,036**	4,666,369
Accumulated amortisation	**(684,307)**	(604,102)
Carrying values	**4,214,729**	4,062,267
Analysed for reporting purposes as:		
Current asset	**141,235**	135,871
Non-current asset	**4,073,494**	3,926,396
	4,214,729	4,062,267

(a) Prepaid lease payments represent the Group's interests in land mainly located in the PRC.

(b) Amortisation of prepaid lease payments for the year of RMB80,205,000 (2014: RMB86,855,000) has been charged to the cost of sales.

(c) As at 31 December 2015, borrowings are secured by certain prepaid lease payments of the Group with an aggregate carrying values of approximately RMB421,618,000 (2014: RMB144,581,000) (Note 38).

23. INVESTMENT PROPERTIES

	2015	2014
	RMB'000	*RMB'000*
At 1 January		
Cost	**338,797**	247,091
Accumulated depreciation	**(95,025)**	(71,087)
Carrying values	**243,772**	176,004
At 1 January	**243,772**	176,004
Additions	**104,398**	91,706
Depreciation charged for the year	**(22,018)**	(23,938)
At 31 December	**326,152**	243,772
At 31 December		
Cost	**443,195**	338,797
Accumulated depreciation	**(117,043)**	(95,025)
Carrying values	**326,152**	243,772
Fair values at 31 December *(Note b)*	**1,340,391**	1,063,288

(a) The investment properties are situated on pieces of land located in the PRC.

(b) The fair values of investment properties as at 31 December 2015 and 2014 have been arrived at on the basis of a valuation carried out by Greater China Appraisal Limited, an independent qualified valuer not connected with the Group. The valuation was determined by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood are assessed and discounted at the market yield expected by investors for this type of properties based on income approach. There has been no change from the valuation technique used in prior year.

(c) All of the Group's investment properties are held to earn rentals.

(d) In estimating the fair value of the properties, the highest and best use of the properties is their current use.

23. INVESTMENT PROPERTIES *(Continued)*

(e) Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2015 and 2014 are as follows:

	Fair value	
	As at 31/12/2015	As at 31/12/2014
	RMB'000	*RMB'000*
Commercial properties units located in PRC under level 3 hierarchy	**1,340,391**	1,063,288

(f) There were no transfers between levels of fair value hierarchy during the year.

(g) The above investment properties are depreciated on a straight-line basis over the shorter of the term of the lease and 30 years.

(h) The following amounts have been recognised in the consolidated statement of profit or loss:

	2015	2014
	RMB'000	*RMB'000*
Rental income recorded as other gains	**38,858**	36,876
Depreciation recorded as administrative expenses	**22,018**	23,938

24. INTANGIBLE ASSETS

	Goodwill *RMB'000*	Patent and proprietary technologies *RMB'000*	Customer relationships *RMB'000*	Trademarks *RMB'000*	Computer software and others *RMB'000*	Total *RMB'000*
At 1 January 2014	533,684	86,213	6,364	49,531	46,052	721,844
Additions	–	32,346	–	–	31,934	64,280
Disposals	–	–	–	–	(4,983)	(4,983)
Amortisation charged for the year	–	(24,868)	(1,566)	(11,378)	(13,739)	(51,551)
Impairment loss recognised in the consolidated statement of profit or loss	(71,028)	(6,630)	–	–	–	(77,658)
At 31 December 2014	462,656	87,061	4,798	38,153	59,264	651,932
At 1 January 2015	**462,656**	**87,061**	**4,798**	**38,153**	**59,264**	**651,932**
Additions	**–**	**13,243**	**–**	**–**	**33,576**	**46,819**
Attributable to acquisition of subsidiaries *(Note 47)*	**1,165,193**	**203,504**	**–**	**33,585**	**56,387**	**1,458,669**
Disposals	**–**	**(723)**	**–**	**–**	**(2,881)**	**(3,604)**
Amortisation charged for the year	**–**	**(68,305)**	**(1,646)**	**(7,933)**	**(30,453)**	**(108,337)**
Impairment loss recognised in the consolidated statement of profit or loss	**–**	**(3,384)**	**–**	**–**	**–**	**(3,384)**
At 31 December 2015	**1,627,849**	**231,396**	**3,152**	**63,805**	**115,893**	**2,042,095**
At 31 December 2015						
Cost	**1,951,593**	**443,768**	**40,169**	**120,192**	**229,727**	**2,785,449**
Accumulated amortisation	**–**	**(191,063)**	**(37,017)**	**(56,387)**	**(113,834)**	**(398,301)**
Accumulated impairment loss	**(323,744)**	**(21,309)**	**–**	**–**	**–**	**(345,053)**
Carrying values	**1,627,849**	**231,396**	**3,152**	**63,805**	**115,893**	**2,042,095**
At 31 December 2014						
Cost	786,400	227,744	40,169	86,607	142,645	1,283,565
Accumulated amortisation	–	(122,758)	(35,371)	(48,454)	(83,381)	(289,964)
Accumulated impairment loss	(323,744)	(17,925)	–	–	–	(341,669)
Carrying values	462,656	87,061	4,798	38,153	59,264	651,932

24. INTANGIBLE ASSETS *(Continued)*

(a) Amortisation of intangible assets has been charged in administrative expenses.

(b) The goodwill impairment assessment is based on the recoverable amount of the CGU which is explained in Note 4 above. Particulars regarding impairment testing on goodwill are disclosed in Note 25.

(c) As at 31 December 2015, the directors of the Company conducted a review of the Group's intangible assets other than goodwill and determined that certain proprietary technologies were impaired, due to an adverse operation environment. Accordingly, impairment loss of approximately RMB3,384,000 (2014: RMB6,630,000) has been recognised for that assets, which are used in the high-tech materials segment. The recoverable amounts of the relevant assets of RMB17,256,000 (2014: RMB14,397,000) have been determined on the basis of their values in use using a discount rate of 6.93% (2014: 7.24%).

(d) The above items of intangible assets are amortised on a straight-line basis at the following rates per annum:

Patent and proprietary technologies	10% to 33.33%
Customer relationships	20% to 33.33%
Trademarks	5% to 10%
Computer software and others	20% to 33.33%

25. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 24 have been allocated to eleven (2014: nine) individual CGUs. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2015 and 2014 allocated to these units are as follows:

	31/12/2015 ***RMB'000***	31/12/2014 *RMB'000*
High-tech materials segment – Shandong Taishan Composite Materials Co., Ltd ("Taishan Composite")	**22,868**	22,868
Cement segment – Yixing Tianshan Cement Co. Ltd. ("Yixing Tianshan")	**22,718**	22,718
Cement segment – Xinjiang Tianshan Cement Co. Ltd. ("Tianshan Cement")	**2,852**	2,852
Cement segment – Gansu Qilianshan Building Materials Holdings Company Limited ("Qilianshan Holdings")	**346,948**	346,948
Cement segment – Tianshui China Concrete Engineering Co. Ltd. ("Tianshui China")	**1,002**	1,002
Cement segment – Xinjiang Wujie Building Materials Testing Co. Ltd. ("Xinjiang Wujie")	**699**	699
Cement segment – Xiahe Anduo Cement Co. Ltd. ("Xiahe Anduo")	**24,484**	24,484
Cement segment – Gansu Zhangye Julong Building Materials Co., Ltd. ("Zhangye Julong")	**26,014**	26,014
Cement segment – Longnan Runji Cement Company Limited ("Runji Cement")	**15,071**	15,071
Cement equipment and engineering services segment – Hazemag & EPR GmbH ("Hazemag")	**460,313**	–
Cement equipment and engineering services segment – Anhui Jieyuan Environmental Protection Technology Co., Ltd ("Anhui Jieyuan")	**704,880**	–
	1,627,849	462,656

25. IMPAIRMENT TESTING ON GOODWILL *(Continued)*

During the year ended 31 December 2015, no impairment loss on goodwill has been recognised.

During the year ended 31 December 2014, impairment loss of approximately RMB71,028,000 had been recognised in respect of the goodwill arising from Qilianshan Holdings, LNV Technology and Wuhai Xishui since the future performance is expected to be less optimistic.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Taishan Composite

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Taishan Composite Group's management covering a five-year period, and discount rate of 9.49% (2014: 10.97%) that reflects current market assessment of the time value of money and the risks specific to this unit. Taishan Composite Group's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 16.31% (2014: 23.06%). Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Taishan Composite Group believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Taishan Composite Group to exceed the aggregate recoverable amount of Taishan Composite Group.

Yixing Tianshan

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Yixing Tianshan's management covering a five-year period, and discount rate of 12.59% (2014: 12.71%) that reflects current market assessment of the time value of money and the risks specific to this unit. Yixing Tianshan's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 10.29% to 13.83% (2014: 13.23% to 16.71%). Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Yixing Tianshan believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Yixing Tianshan to exceed the aggregate recoverable amount of Yixing Tianshan.

Tianshan Cement

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Tianshan Cement Group's management covering a five-year period, and discount rate of 11.11% (2014: 8.83%) that reflects current market assessment of the time value of money and the risks specific to this unit. Tianshan Cement Group's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 17.76% (2014: 23.08%). Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Tianshan Cement Group believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Tianshan Cement Group to exceed the aggregate recoverable amount of Tianshan Cement Group.

25. IMPAIRMENT TESTING ON GOODWILL *(Continued)*

Qilianshan Holdings

The recoverable amount of the unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Qilianshan Holdings's management covering a five-year period, and discount rate of 9.40% (2014: 10.81%) that reflects current market assessment of the time value of money and the risks specific to this unit. Qilianshan Holdings's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 17.06% to 21.01% (2014: 22.23% to 23.61%). Such estimation is based on the unit's past performance and management's expectations for the market development.

Management of Qilianshan Holdings believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Qilianshan Holdings to exceed the aggregate recoverable amount of Qilianshan Holdings.

Tianshui China

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Tianshui China's management covering a five-year period, and discount rate of 8.98% (2014: 9.14%) that reflects current market assessment of the time value of money and the risks specific to this unit. Tianshui China's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 22.19% to 28.09% (2014: 29.41% to 32.08%). Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Tianshui China believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Tianshui China to exceed the aggregate recoverable amount of Tianshui China.

Xinjiang Wujie

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Xinjiang Wujie's management covering a five-year period, and discount rate of 11.18% (2014: 12.10%) that reflects current market assessment of the time value of money and the risks specific to this unit. Xinjiang Wujie's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 56.37% (2014: 58.00%). Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Xinjiang Wujie believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Xinjiang Wujie to exceed the aggregate recoverable amount of Xinjiang Wujie.

Xiahe Anduo

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Xiahe Anduo's management covering a five-year period, and discount rate of 10.78% (2014: 11.13%) that reflects current market assessment of the time value of money and the risks specific to this unit. Xiahe Anduo's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 17.55% to 20.24% (2014: 20.94% to 23.46%). Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Xiahe Anduo believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Xiahe Anduo to exceed the aggregate recoverable amount of Xiahe Anduo.

25. IMPAIRMENT TESTING ON GOODWILL *(Continued)*

Zhangye Julong

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Zhangye Julong's management covering a five-year period, and discount rate of 12.02% (2014: 11.08%) that reflects current market assessment of the time value of money and the risks specific to this unit. Zhangye Julong's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 14.10% (2014: 15.56%). Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Zhangye Julong believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Zhangye Julong to exceed the aggregate recoverable amount of Zhangye Julong.

Runji Cement

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Runji Cement's management covering a five-year period, and discount rate of 10.38% (2014: 10.78%) that reflects current market assessment of the time value of money and the risks specific to this unit. Runji Cement's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 17.63% (2014: 22.07%). Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Runji Cement believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Runji Cement to exceed the aggregate recoverable amount of Runji Cement.

Hazemag

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Hazemag's management covering a five-year period, and discount rate of 7.21% that reflects current market assessment of the time value of money and the risks specific to this unit. Hazemag's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 8.80% to 14.46%. Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Hazemag believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Hazemag to exceed the aggregate recoverable amount of Hazemag.

Anhui Jieyuan

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by Anhui Jieyuan's management covering a five-year period, and discount rate of 12.05% that reflects current market assessment of the time value of money and the risks specific to this unit. Anhui Jieyuan's cash flows beyond the five-year period are assumed constant with zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, and gross profit margin of 49.52% to 52.88%. Such estimation is based on the unit's past performance and management's expectations for the market development. Management of Anhui Jieyuan believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Anhui Jieyuan to exceed the aggregate recoverable amount of Anhui Jieyuan.

26. MINING RIGHTS

	2015 *RMB'000*	2014 *RMB'000*
At 1 January		
Cost	**808,629**	705,381
Accumulated amortisation	**(245,675)**	(192,436)
Carrying values	**562,954**	512,945
At 1 January	**562,954**	512,945
Additions	**62,800**	103,248
Amortisation charged for the year	**(74,062)**	(53,239)
At 31 December	**551,692**	562,954
At 31 December		
Cost	**871,429**	808,629
Accumulated amortisation	**(319,737)**	(245,675)
Carrying values	**551,692**	562,954

Mining rights are amortised over its concession period from 3 years to 30 years. Amortisation of mining rights has been charged to cost of sales.

27. INTERESTS IN ASSOCIATES

	2015 *RMB'000*	2014 *RMB'000*
Cost of investment in unlisted associates	**173,777**	656,619
Share of post-acquisition profits and other comprehensive income, net of dividend received	**28,123**	196,592
	201,900	853,211

On 1 August 2015, the Group's 60% equity interest in Jiugang (Group) Hongda Building Materials Co., Ltd. ("Jiugang Hongda") was reclassified from an associate to a subsidiary due to changes in the composition of board of directors of Jiugang Hongda. The carrying amount and fair value of the 60% equity interests in Jiugang Hongda as at 1 August 2015 are approximately RMB613,482,000 and RMB591,521,000 respectively. A loss on deemed disposal of interest in an associate of approximately RMB21,961,000 was recognised in the consolidated statement of profit or loss for the year ended 31 December 2015.

The reconciliation of the summarised financial information presented above to the carrying amount of the interest in the associates is set out below:

	2015 *RMB'000*	2014 *RMB'000*
The Group's share of profit	**29,397**	74,393
The Group's share of total comprehensive income	**29,397**	74,393
Aggregate carrying amount of the Group's interest in associates	**201,900**	853,211

Details of the associates are disclosed in note 52(c).

27. INTERESTS IN ASSOCIATES *(Continued)*

Material associate

Summarised audited financial information in respect of the Group's material associate is set out below:

Jiugang Hongda

	2015 RMB'000	2014 RMB'000
Current assets	N/A	360,369
Non-current assets	N/A	778,348
Current liabilities	N/A	(133,404)
Net assets	N/A	1,005,313
Group's share of net assets of associate	N/A	603,188
Revenue	274,387	494,468
Profit and total comprehensive income for the period/year	32,830	104,978
Dividend received from the associate during the period/year	64,677	84,900
Group's share of profits and other comprehensive income of associates for the period/year	19,698	62,987

The reconciliation of the summarised financial information presented above to the carrying amount of interest in the associate is set out below:

	2015 RMB'000	2014 RMB'000
Net assets of the associate	N/A	1,005,313
Proportion of the Group's ownership interest in Jiugang Hongda	N/A	603,188
Goodwill	N/A	55,273
Carrying amount of the Group's interests in Jiugang Hongda	N/A	658,461

27. INTERESTS IN ASSOCIATES *(Continued)*

Immaterial associates

The financial information and carrying amount, in aggregate, of the Group's interests in associates that are not individually material and are accounted for using the equity method are set out below:

	2015	2014
	RMB'000	*RMB'000*
The Group's share of profit	**9,699**	11,406
The Group's share of total comprehensive income	**9,699**	11,406
Carrying amount of the Group's interests in immaterial associates	**201,900**	250,023

28. INTERESTS IN JOINT VENTURES

Details of the Group's interests in joint ventures are as follows:

	2015	2014
	RMB'000	*RMB'000*
Cost of investments in joint ventures		
Unlisted	**12,296**	123,940
Share of post-acquisition losses and other comprehensive expenses	**(6,183)**	(74,398)
	6,113	49,542

On 31 December 2015, the Group acquired additional 50% equity interest in Sinoma Jinjing Fiberglass Hong Kong Co., Limited ("Sinoma Jinjing Hong Kong") (formerly known as PPG Sinoma Jinjing Fiber Glass Co., Ltd) as further set out in Note 47(iv). After the completion of transaction, the Group's interest in Sinoma Jinjing Hong Kong increased to 100%. The carrying amount and fair value of the 50% equity interest at the transaction date are approximately RMB19,396,000 and RMB66,646,000 respectively. A gain on deemed disposal of interest in joint venture of approximately RMB47,250,000 was recognised in the consolidated statement of profit or loss for the year ended 31 December 2015.

On 15 April 2015, the Group disposed of its 50% equity interests in Dongguan Tiger Fiber Glass Co., Ltd ("Dongguan Tiger"), being the entire equity interest held by the Group, to an independent third party for a cash consideration of RMB3,924,000. The carrying amount of the 50% equity interest on the date of disposal is approximately RMB3,157,000 and a gain on disposal of approximately RMB767,000 was recognised in profit or loss for the year ended 31 December 2015.

28. INTERESTS IN JOINT VENTURES *(Continued)*

In the opinion of the directors of the Company, no individual joint venture principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of the joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

The Group's interests in joint ventures are accounted for using the equity method. The financial information and carrying amount in aggregate, of the Group's interests in joint ventures that are not individually material are set out below:

	2015	2014
	RMB'000	*RMB'000*
The Group's share of loss	**(13,059)**	(84,696)
The Group's share of total comprehensive expenses	**(20,289)**	(84,696)
Aggregate carrying amount of the Group's interest in joint ventures	**6,113**	49,542

29. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	RMB'000	*RMB'000*
Measured at fair value		
Listed equity securities in PRC	**2,913,814**	2,984,388
Measured at cost		
Unlisted equity securities in PRC	**307,430**	260,625
Unlisted equity securities in Germany	**–**	436,238
Less: Impairment loss recognised	**(109,812)**	(109,206)
	197,618	587,657
	3,111,432	3,572,045

(a) Included in the unlisted equity investments at cost are investments with net carrying amount of approximately RMB197,618,000 (2014: RMB587,657,000), after accumulated impairment loss of approximately RMB109,812,000 (2014: RMB109,206,000), measured at cost less impairment loss because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

29. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

(b) During the year ended 31 December 2015, the Group invested an additional investment in unlisted equity securities with amount of approximately RMB51,770,000 (2014: RMB438,103,000).

RMB436,238,000 of the additions in 2014 was attributable to the Group's 29.55% equity interest in Hazemag & EPR GmbH ("Hazemag"). The Group's interest in Hazemag was classified as available-for-sale investments as the Group had no representative in the management of Hazemag and did not have any control, significant influence and joint control in Hazemag.

(c) During the year ended 31 December 2015, the Group acquired additional 29.54% equity interest in Hazemag. Details please refer to Note 47(i). After the completion of transaction, the Group's interest in Hazemag increased to 59.09%. The carrying amount and fair value of the 29.55% equity interest at the transaction date are approximately RMB436,238,000 and RMB368,951,000 respectively. Loss on deemed disposal of available-for-sale financial asset of RMB67,287,000 was recognised in the consolidated statement of profit or loss for the year ended 31 December 2015.

(d) As at 31 December 2014, included in unlisted equity securities is investment in unlisted domestic shares in Guotai Junan Securities Limited Corporation (國泰君安證券股份有限公司) with carrying amount of RMB4,965,000. The Group's investment in the domestic shares became listed on 26 June 2015 on the Shanghai Stock Exchange.

(e) During the year ended 31 December 2015, no unlisted equity securities measured at cost was disposed. During the year ended 31 December 2014, unlisted equity securities measured at cost with a net carrying amount of approximately RMB107,000 were disposed of and resulted in a gain of approximately RMB165,000.

(f) During the year ended 31 December 2015, listed equity securities of RMB167,641,000 (2014: RMB560,000) were disposed of and resulted in a gain of approximately RMB312,992,000 (2014: RMB64,000).

30. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives not under hedge accounting:

	Current	
	2015	2014
	RMB'000	*RMB'000*
Derivative financial assets		
– Foreign currency forward contracts	**18,417**	–
Derivative financial liabilities		
– Foreign currency forward contracts	**9,142**	1,690

30. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

As at 31 December 2015, major terms of the foreign currency forward contracts are as follows:

Notional amounts	Maturities	Exchange rates
Sell US$6,000,000	1 February 2016	RMB6.3133:US$1
Sell US$9,000,000	29 February 2016	RMB6.3244:US$1
Sell US$1,000,000	28 March 2016	RMB6.3353:US$1
Sell US$10,000,000	29 August 2016	RMB6.3939:US$1
Sell US$10,000,000	30 September 2016	RMB6.4050:US$1
Sell US$10,000,000	31 October 2016	RMB6.4161:US$1
Sell US$20,000,000	30 November 2016	RMB6.4270:US$1
Sell US$7,000,000	21 December 2016	RMB6.4340:US$1
Sell EUR20,000,000	15 February 2016	RMB7.5700:EUR1
Sell EUR10,000,000	19 April 2016	RMB7.3556:EUR1

As at 31 December 2014, major terms of the foreign currency forward contracts were as follows:

Notional amounts	Maturities	Exchange rates
Buy US$4,480,000	15 January 2015	RMB6.0339:US$1
Buy US$3,820,000	15 January 2015	RMB6.1247:US$1
Buy US$2,000,000	30 January 2015	RMB6.1399:US$1
Buy US$5,000,000	31 January 2015	RMB6.1684:US$1
Buy US$2,000,000	27 February 2015	RMB6.1399:US$1
Buy US$2,000,000	30 March 2015	RMB6.1399:US$1

31. INVENTORIES

	2015 ***RMB'000***	2014 *RMB'000*
Raw materials	**4,599,004**	4,345,908
Work-in-progress	**2,432,702**	2,156,614
Finished goods	**2,345,940**	2,400,330
	9,377,646	8,902,852

During the year ended 31 December 2015, reversal of allowance of inventories of approximately RMB11,385,000 (2014: RMB14,251,000) has been recognised as the corresponding inventories were either sold or used.

32. TRADE AND OTHER RECEIVABLES

	2015 **RMB'000**	2014 *RMB'000*
Trade receivables and retentions		
Trade and bills receivables	**15,193,794**	15,180,966
Retentions	**398,651**	393,146
	15,592,445	15,574,112
Less: Impairment loss recognised *(Note c)*	**(2,141,775)**	(2,053,752)
Trade receivables and retentions, net	**13,450,670**	13,520,360
Loan receivables		
Loan receivables	**–**	76,450
Less: Impairment loss recognised *(Note d)*	**–**	(66,351)
Loan receivables, net *(Note e)*	**–**	10,099
Prepayments to suppliers and subcontractors, staff advances, deposits and other receivables		
Prepayments to suppliers and subcontractors	**6,573,346**	7,148,796
Staff advances	**73,862**	99,939
Deposits	**156,312**	179,639
Other receivables	**1,200,726**	2,000,397
	8,004,246	9,428,771
Less: Impairment loss recognised *(Note f)*	**(989,444)**	(862,570)
Prepayments to suppliers and subcontractors, staff advances, deposits and other receivables, net	**7,014,802**	8,566,201
Total trade and other receivables	**20,465,472**	22,096,660
Less: Non-current portion		
Trade and bills receivables	**(374,653)**	(395,185)
Retentions	**(213,995)**	(220,842)
	(588,648)	(616,027)
Current portion	**19,876,824**	21,480,633

The Group does not hold any collateral over these balances.

32. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis of the Group's trade receivables and retentions, net of impairment loss, at the end of the reporting period presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates are as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Less than 6 months	**10,217,112**	10,813,281
6 months to 1 year	**1,958,381**	1,539,944
1 year to 2 years	**793,391**	864,003
2 years to 3 years	**357,200**	243,213
Over 3 years	**124,586**	59,919
	13,450,670	13,520,360

Settlement of trade receivables and retentions generated through engineering and construction services is made in accordance with the terms specified in the contracts governing the relevant transactions, among which retentions are generally settled within one to two years after completion of corresponding services. The Group allows credit period ranging from 30 to 365 days to its trade and construction customers.

(b) As at 31 December 2015, approximately of RMB1,383,312,000 (2014: RMB1,209,315,000) of the Group's trade receivables were past due but not impaired. The ageing analysis of these receivables is as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Less than 6 months	**41,610**	38,609
6 months to 1 year	**622,980**	578,049
1 year to 2 years	**476,892**	442,498
2 years to 3 years	**154,353**	143,221
Over 3 years	**87,477**	6,938
	1,383,312	1,209,315

Trade receivables that were past due but not impaired were related to a number of individual customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances that are still considered fully recoverable.

32. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Movement on the impairment loss of trade receivables is as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**2,053,752**	1,811,755
Impairment loss recognised	**91,485**	249,828
Receivables written off as uncollectible	**(3,462)**	(7,831)
At 31 December	**2,141,775**	2,053,752

Included in the impairment loss recognised are individually impaired trade receivables with an aggregate balance of approximately RMB2,141,775,000 (2014: RMB2,053,752,000). The individually impaired receivables mainly related to customers that are in unexpected difficult economic situations or of poor credit history. The factors considered by management in determining the impairment are described in Note 7.

(d) Movement on the impairment loss of loan receivables is as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**66,351**	54,961
Impairment loss recognised	**–**	11,390
Written off of impairment loss	**(66,351)**	–
At 31 December	**–**	66,351

As at 31 December 2014, included in the impairment loss recognised are individually impaired loan receivables with an aggregate balance of approximately RMB66,351,000 (2015: Nil) which the Group did not hold any collateral over these balances. The individually impaired receivables mainly related to debtors that are in unexpected difficult economic situations or of poor credit history. The factors considered by management in determining the impairment are described in Note 7.

(e) As at 31 December 2014, the gross interest bearing loan receivables amounted to approximately RMB32,387,000 bear interest ranging from 5.36% to 7.27%. The remaining gross loan receivables amounted to approximately RMB44,063,000 are non-interest bearing. The interest bearing and non-interest bearing loan receivables are unsecured and repayable on demand.

32. TRADE AND OTHER RECEIVABLES *(Continued)*

(f) Movement on the impairment loss of prepayments to suppliers and subcontractors and other receivables is as follows:

	2015 **RMB'000**	2014 RMB'000
At 1 January	**862,570**	704,455
Impairment loss recognised	**283,192**	212,733
Reversal	**(108,104)**	(13,447)
Receivables written off as uncollectible	**(48,214)**	(41,171)
At 31 December	**989,444**	862,570

Included in the impairment loss recognised are individually impaired prepayments to suppliers and subcontractors and other receivables with an aggregate balance of approximately RMB989,444,000 (2014: RMB862,570,000) which the Group does not hold any collateral over these balances. The individually impaired receivables mainly related to debtors that are in unexpected difficult economic situations or of poor credit history. The balances also included the accumulated impairment of approximately RMB44,500,000 (2014: RMB44,500,000) provided for the consideration receivables for disposal of Taian City Electric Power Co., Ltd.. The factors considered by management in determining the impairment are described in Note 7.

(g) During the year ended 31 December 2012, Sinoma Equipment & Engineering Corp., Ltd. ("Sinoma E&E"), a subsidiary of the Company have entered into certain steel trading agreements with various customers for which some of these agreements required Sinoma E&E to make prepayments. However, certain of these customers were unable to settle their outstanding trade receivables or refund the prepayments made by Sinoma E&E in accordance with the contractual terms of steel trading agreements with outstanding balances of trade receivables and prepayments to suppliers of approximately RMB946,941,000 and RMB679,796,000 respectively. In order to recover the outstanding receivables and/or prepayments, Sinoma E&E has taken legal actions against these customers. As at 31 December 2012, the directors of the Company had assessed the recoverability of each customer individually and recognised an aggregate impairment loss in respect of trade receivable and prepayments to suppliers of approximately RMB186,085,000 and RMB214,648,000 respectively for the year ended 31 December 2012.

During the year ended 31 December 2013, despite that Sinoma E&E had been successful in the legal proceedings against those customers, no material repayments had been received from those customers. In view of such, Sinoma E&E had applied to courts in the PRC for freezing the assets of certain customers. Having regard inter alia to the results of these freezing orders, financial position of the respective customers and value of assets available for settlement, the directors of the Company recognised further impairment in respect of trade receivables and prepayments to suppliers of approximately RMB515,398,000 and RMB210,668,000 respectively during the year ended 31 December 2013.

32. TRADE AND OTHER RECEIVABLES *(Continued)*

(g) *(Continued)*

During the year ended 31 December 2014, no material repayments had been received from those customers even though freezing orders had been implied. The directors of the Company recognised further impairment in respect of trade receivables and prepayments to suppliers of approximately RMB88,254,000 and RMB122,036,000 during the year ended 31 December 2014.

During the year ended 31 December 2015, certain repayments had been received from those customers. The directors of the Company recognised reversal of impairment in respect of trade receivables and prepayments to suppliers of approximately RMB19,034,000 and RMB93,981,000 during the year ended 31 December 2015. The directors of the company believe that Sinoma E&E can fully recover the remaining balances.

(h) As at 31 December 2015, borrowings are secured by certain trade and other receivables of the Group with an aggregate carrying values of approximately RMB800,938,000 (2014: Nil) (Note 38(a)).

33. CONTRACT WORK-IN-PROGRESS

	2015 *RMB'000*	2014 *RMB'000*
Contract cost incurred plus recognised profit less recognised losses	**46,582,897**	44,121,027
Less: Progress billings	**(46,338,445)**	(43,883,468)
Contract work-in-progress	**244,452**	237,559
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**591,186**	573,062
Amounts due to customers for contract work	**(346,734)**	(335,503)
	244,452	237,559
Contract revenue recognised as turnover	**15,600,860**	14,737,760

Included in the trade and other receivable are retentions due from customers for contract works of approximately RMB398,651,000 (2014: RMB393,146,000).

Included in the trade and other payables are advances received from customers for contract works of approximately RMB7,993,241,000 (2014: RMB7,778,312,000).

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

During the year ended 31 December 2015, foreseeable losses on construction contracts of approximately RMB63,872,000 (2014: RMB61,921,000) have been recognised in the consolidated statement of profit or loss.

34. RESTRICTED BANK BALANCES

Restricted bank balances are held in dedicated bank accounts under the name of the Group for the issuance of performance bonds of approximately RMB15,987,000 (2014: RMB10,342,000) and letter of credits to customers or bank acceptance notes to suppliers.

As at 31 December 2015, the fixed interest rate on restricted bank balances, with maturities ranging from 6 months to 1 year, ranged from 0.35% to 3.43% (2014: 0.34% to 3.23%) per annum.

35. BANK BALANCES AND CASH

	2015 *RMB'000*	2014 *RMB'000*
Cash at banks and in hand	**11,963,895**	9,273,171
Bank deposits		
– Term deposits	**221,617**	276,316
– Other bank deposits	**765,605**	559,436
	987,222	835,752
Cash and cash equivalents	**12,951,117**	10,108,923

(a) As at 31 December 2015, the fixed interest rate on bank deposits ranged from 2.67% to 5.31% (2014: 2.85% to 5.87%) per annum.

(b) Cash at banks denominated in RMB are deposited with banks in the PRC at the prevailing market rates. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

36. TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	**18,164,566**	17,279,575
Deposits, advances, accruals and other payables		
Prepayment from customers	**11,610,261**	10,519,060
Accrued payroll and welfare	**352,229**	436,177
Accrued social security costs	**232,651**	299,154
Other taxes	**154,029**	213,075
Accrued expenses	**212,117**	285,871
Deposits payable	**129,845**	174,629
Dividends payable to non-controlling interests by subsidiaries	**210,297**	152,451
Other payables	**400,376**	689,241
	13,301,805	12,769,658
Total trade and other payables	**31,466,371**	30,049,233
Less: Non-current portion:		
Accrued payroll and welfare	**(6,139)**	(5,390)
Current portion	**31,460,232**	30,043,843

(a) Ageing analysis of trade payables at the end of the reporting period presented based on the invoice date are as follows:

	2015 RMB'000	2014 RMB'000
Within 6 months	**13,241,196**	12,676,905
6 months to 1 year	**3,770,773**	3,470,479
1 year to 2 years	**922,447**	905,907
2 years to 3 years	**140,113**	133,238
Over 3 years	**90,037**	93,046
	18,164,566	17,279,575

The credit period on purchases of goods ranges from 90 days to 180 days. The Group has financial risk management policies in the place to ensure that all payables are settled within the credit timeframe.

(b) Non-current portion of accrued payroll and welfare represents the portion of accrued employee housing allowances, payable to employees over their years of service to the Group, expected to be settled over one year from the end of the reporting period.

37. SHORT-TERM FINANCING BILLS

	2015	2014
	RMB'000	*RMB'000*
Short-term financing bills, unsecured	**5,250,000**	6,220,000

On 1 April and 2 September 2014, the Company issued two one-year short-term financing bills of face value at RMB1,500,000,000 and RMB400,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 5.60% and 4.98% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 5 August 2014, Sinoma International Engineering Co., Ltd. ("Sinoma International"), a non-wholly owned subsidiary of the Company, issued one-year short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 4.95% per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 29 April and 11 November 2014, Xinjiang Tianshan Cement Co., Ltd. ("Tianshan Cement"), a non-wholly owned subsidiary of the Company, issued two one-year short-term financing bills of face value at RMB500,000,000 and RMB500,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 5.97% and 4.50% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 16 September 2014, Ningxia Building Materials Co., Ltd. ("Ningxia Building Materials"), a non-wholly owned subsidiary of the Company, issued one-year short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 5.56% per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 3 April, 19 May and 25 September 2014, Sinoma Cement Co., Ltd ("Sinoma Cement"), a wholly owned subsidiary of the Company, issued three one-year short-term financing bills of face value at RMB260,000,000, RMB300,000,000 and RMB500,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 6.00%, 5.74% and 5.34% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 17 January, 30 July and 14 October 2014, Sinoma Science & Technology Co., Ltd. ("Sinoma Science & Technology"), a non-wholly owned subsidiary of the Company, issued three one-year short-term financing bills of face value at RMB10,000,000, RMB400,000,000 and RMB500,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 8.00%, 5.39% and 5.10% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 15 April 2014, Sinoma Science & Technology, a non-wholly owned subsidiary of the Company, issued 90-day short-term financing bills of face value at RMB550,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 6.30% per annum and the principal together with the interest thereon is payable on maturity of the bills.

37. SHORT-TERM FINANCING BILLS *(Continued)*

On 12 March and 11 November 2014, Sinoma Science & Technology, a non-wholly owned subsidiary of the Company, issued 180-day short-term financing bills of face value at RMB500,000,000 and RMB350,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 6.80% and 5.00% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 28 February and 23 March 2015, the Company issued two 180-day short-term financing bills of face value at RMB1,800,000,000 and RMB1,700,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 4.80% and 4.89% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 8 September 2015, the Company issued 270-day short-term financing bills of face value at RMB1,250,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 3.35% per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 20 July 2015, Sinoma International, a non-wholly-owned subsidiary of the Company issued one-year short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 3.67% per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 23 April, 31 July and 15 June 2015, Tianshan Cement, a non-wholly-owned subsidiary of the Company issued 270-day short-term financing bill of face value at RMB500,000,000; 270-day short-term financing bill of face value at RMB500,000,000 and 180-day short-term financing bill of face value at RMB400,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 5.00%, 4.17% and 4.90% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 6 August 2015, Ningxia Building Materials, a non-wholly-owned subsidiary of the Company issued one-year short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 3.75% per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 15 May and 15 September 2015, Sinoma Cement, a wholly-owned subsidiary of the Company, issued two 270-day short-term financing bills of face value at RMB500,000,000 each in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 4.40% and 3.85% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 29 October 2015, Sinoma Cement, a wholly-owned subsidiary of the Company, issued a one-year short-term financing bill of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 3.46% per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 3 December 2015, Sinoma Science & Technology, a non-wholly-owned subsidiary of the Company, issued 180-day short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 3.69% per annum and the principal together with the interest thereon is payable on maturity of the bills.

38. BORROWINGS

	2015 **RMB'000**	2014 RMB'000
Bank borrowing		
– Secured *(Note a)*	**1,926,044**	1,921,310
– Unsecured	**16,955,990**	17,334,011
	18,882,034	19,255,321
Other borrowing		
– Unsecured	**1,237,062**	1,600,715
Total borrowing	**20,119,096**	20,856,036
Non–current		
Non–current portion of long–term bank borrowings		
– Secured	**731,837**	694,842
– Unsecured	**3,853,691**	4,801,654
	4,585,528	5,496,496
Other borrowings		
– Unsecured	**291,700**	664,258
Total non–current borrowings	**4,877,228**	6,160,754
Current		
Current portion of long–term bank borrowings		
– Secured	**364,663**	256,930
– Unsecured	**1,178,448**	1,183,459
	1,543,111	1,440,389
Short–term bank borrowings		
– Secured	**829,544**	969,538
– Unsecured	**11,923,851**	11,348,898
	12,753,395	12,318,436
Other borrowings		
– Unsecured	**945,362**	936,457
Total current borrowings	**15,241,868**	14,695,282
Total borrowings	**20,119,096**	20,856,036

38. BORROWINGS *(Continued)*

Notes:

(a) Secured borrowings of the Group as at 31 December 2015 and 2014 were secured by the Group's property, plant and equipment (Note 21), prepaid lease payments (Note 22) and trade and other receivables (Note 32).

(b) The exposure of borrowings to interest rate changes is as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Fixed-rate borrowings	**8,753,542**	9,058,882
Variable-rate borrowings	**11,365,554**	11,797,154
	20,119,096	20,856,036

(c) The maturities of total borrowings are set out as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Within 1 year	**15,241,868**	14,695,282
1 year to 2 years	**1,885,109**	2,618,879
2 years to 5 years	**2,649,473**	3,114,745
Over 5 years	**342,646**	427,130
	20,119,096	20,856,036

(d) Certain borrowings of the Group are guaranteed by other state-owned enterprises and independent third parties. The amounts of the guarantees provided by other state-owned enterprises and independent third parties to the Group at the end of the reporting period are as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Guarantees provided by:		
Other state-owned enterprises	**20,000**	20,000
Independent third parties	**563,250**	583,760
	583,250	603,760

38. BORROWINGS *(Continued)*

Notes: (Continued)

(e) The weighted average effective interest rates (per annum) at the end of the respective reporting periods are as follows:

	2015	2014
Bank borrowings		
– RMB	**6.06%**	6.56%
– US$	**4.12%**	4.17%
Other borrowings		
– RMB	**5.96%**	6.04%

(f) The undrawn borrowing facilities are as follows:

	2015 *RMB'000*	2014 *RMB'000*
Floating rate		
– Expiring within 1 year	**13,526,390**	14,367,813
– Expiring beyond 1 year	**14,542,559**	12,903,682
Fixed rate		
– Expiring within 1 year	**9,347,521**	9,243,390
– Expiring beyond 1 year	**320,000**	350,000
	37,736,470	36,864,885

39. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS

The Group operates unfunded defined benefit plan for qualifying former employees. The Group paid supplemental pension subsidies or pension contributions to its retired employees in the PRC who retired prior to 31 December 2006. In addition, the Group is committed to make periodic benefits payments to certain former employees who were terminated or early retired in accordance with various rationalisation programmes adopted by the Group prior to 31 December 2006. The Group ceased to pay the supplemental pension subsidies and other post-employment medical benefits to its retired employees and early retired employees in China who leave the Group after 31 December 2006. The plan is administrated by the Group and contributed from the Group in accordance with an independent actuary's recommendation based on annual actuarial valuations. Under the plan, the employees are entitled to retirement benefits varying between 45% and 85% of final salary on attainment of a retirement age of 55-60.

The defined benefit plan expose the Group to actuarial risks, such as interest rate risk, longevity risk and salary risk.

Interest rate risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

39. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS *(Continued)*

Amounts recognised in profit or loss or other comprehensive income in respect of the defined benefit plan are as follows:

	2015 **RMB'000**	2014 RMB'000
Past service cost	**(2,954)**	(24,692)
Net interest on obligation	**(9,243)**	(13,401)
Total amounts recognised in profit or loss	**(12,197)**	(38,093)
Remeasurement of defined benefit obligation:		
Actuarial losses recognised in the year	**(14,594)**	(16,321)
Actuarial (losses) gains arising from changes in experience adjustments	**(8,017)**	41,466
Total amounts recognised in other comprehensive income	**(22,611)**	25,145
Total defined benefit costs	**(34,808)**	(12,948)

The amounts recognised in profit or loss of approximately RMB12,197,000 (2014: RMB38,093,000) has been included in administrative expenses.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of the defined benefit plan is as follows:

	2015 **RMB'000**	2014 RMB'000
Present value of unfunded defined benefit obligation	**265,517**	277,032
Less: current portion	**(46,323)**	(53,184)
Non-current portion	**219,194**	223,848

39. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS *(Continued)*

Movements in the present value of the unfunded defined benefit obligations in the current year were as follows:

	2015 **RMB'000**	2014 RMB'000
At 1 January	**277,032**	317,268
Interest cost	**9,243**	13,401
Remeasurements:		
Actuarial losses (gains) arising from changes in experience adjustments	**8,017**	(41,466)
Actuarial losses recognised in the year	**14,594**	16,321
Past service cost, including losses on curtailments	**2,954**	24,692
Benefits paid	**(46,323)**	(53,184)
At 31 December	**265,517**	277,032

The principal assumptions used for the purposes of the actuarial valuation were as follow:

	Valuation at	
	2015	2014
Discount rate	**2.9%**	3.7%
Benefit increase rates	**6%**	6%
Mortality for current early retiree		
Male	**0.26%**	0.26%
Female	**0.14%**	0.14%
Mortality for current retiree		
Male	**1.19%**	1.19%
Female	**0.75%**	0.75%

The assumptions on mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

39. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS *(Continued)*

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period.

31 December 2015

	Change in assumption	**Impact on defined benefit obligation 2015** *RMB'000*
Discount rate	increase/decrease by 0.5%	decrease/increase by 11,361
Benefits increase rates	increase/decrease by 0.5%	increase/decrease by 11,494
Mortality	increase/decrease by 1%	increase/decrease by 3,953

31 December 2014

	Change in assumption	Impact on defined benefit obligation 2014 *RMB'000*
Discount rate	increase/decrease by 0.5%	decrease/increase by 10,661
Benefits increase rates	increase/decrease by 0.5%	increase/decrease by 11,512
Mortality	increase/decrease by 1%	increase/decrease by 3,470

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability arising from defined benefit obligation.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 66 years.

The most recent actuarial valuations and the present value of the defined benefit obligation as at 31 December 2015 were carried out at 12 January 2016 by Mr. Alex Tschai, Consulting Director, Principal Actuary of Mercer Investment Consulting Inc and is a Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, related past service cost were measured using the Projected Unit Credit Cost method.

40. CASH-SETTLED SHARE-BASED PAYMENTS

The Group implemented a share appreciation rights scheme to motivate and award the senior management team and other key members of the Company. Under this share appreciation rights scheme, share appreciation rights are granted in units representing one H share. No share will be issued under the share appreciation rights scheme. Upon exercise of the share appreciation rights, a recipient will receive, subject to any applicable withholding tax, a cash payment in RMB, translated from the Hong Kong dollars amount equal to the product of the number of share appreciation rights exercised and the difference between the exercise price and market price of the Company's H shares at the date of exercise based on the applicable exchange rate between RMB and Hong Kong dollars at the date of the exercise. The Company recognises compensation expense of the share appreciation rights over the applicable vesting period.

The share appreciation rights scheme was approved at the second extraordinary general meeting held on 22 October 2010. On 13 December 2010, 4,130,000 units of the share appreciation rights scheme with a vesting period of two years were granted to sixteen senior officers, including five directors and eleven senior management members, at an exercise price of RMB5.17 per unit. Under the terms of this grant, all share appreciation rights had a contractual life of seven years from the date of grant, a recipient of share appreciation rights may not exercise the rights in the first twenty four months after the date of grant. As at each of the second, third and fourth anniversary of the date of grant, the total number of share appreciation rights exercisable may not in aggregate exceed one-third, two-third and 100%, respectively, of the total share appreciation rights granted to such person. The total amounts paid in cash as a result of the Company's market price being higher than that the exercise price of the share appreciation rights shall not exceed 40% of the salaries level of those grantees accessed at the date of grant. The share appreciation rights which have not been exercised after the expiration of the term of the scheme shall lapse.

During the year ended 31 December 2014, no share appreciation rights granted was exercised while all the share appreciation rights were lapsed. Therefore, no share appreciation rights remained outstanding as at 31 December 2014 and liability balance of RMB113,000 was reversed. There was no liability balance in respect of share appreciation rights as at 31 December 2014.

During the year ended 31 December 2015, no share appreciation rights were granted and no share appreciation rights remained outstanding as at 31 December 2015. There was no liability balance in respect of share appreciation rights as at 31 December 2015.

41. PROVISIONS

	2015 *RMB'000*	2014 *RMB'000*
Analysed for reporting purposes:		
Non-current liabilities	**116,289**	80,868
Current liabilities	**30,564**	21,389
	146,853	102,257

	Warranties *RMB'000*
At 1 January 2014	81,520
Additional provision recognised	52,926
Utilised during the year	(32,189)
At 31 December 2014 and 1 January 2015	**102,257**
Additional provision recognised	**108,386**
Utilised during the year	**(63,790)**
At 31 December 2015	**146,853**

The provision for warranty claims represents the present value of the best estimate of the directors of the Company the future outflow of economic benefits that will be required under the Groups' obligations for warranties under the sale contracts. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

42. CORPORATE BONDS

	2015 *RMB'000*	2014 *RMB'000*
Corporate bonds, at amortised cost	**2,497,993**	2,495,162
Less: Non-current portion	**–**	(2,495,162)
Current portion	**2,497,993**	–

On 31 July 2009, the Company issued seven-year corporate bonds of face value of RMB2,500,000,000 in the PRC capital market. The corporate bonds bear a fixed interest rate of 5.40% per annum and the interest is paid annually.

The corporate bonds are denominated in RMB. The effective interest rate of the corporate bonds is 5.52% per annum.

43. MEDIUM-TERM NOTES

	2015 *RMB'000*	2014 *RMB'000*
Medium-term notes, at amortised cost	**7,259,145**	6,257,222
Less: Non-current portion	**(4,099,824)**	(4,557,222)
Current portion	**3,159,321**	1,700,000

The medium-term notes are denominated in RMB and the details are as follow:

31 December 2015

Date of issue	Principal *RMB'000*	Term	Contractual interest rate	Interest payment	Effective interest rate
21 April 2011	660,000	5 years	6.16% per annum	Annually	6.41%
20 October 2011	500,000	5 years	7.00% per annum	Annually	7.00%
25 October 2011	700,000	5 years	7.99% per annum	Annually	7.99%
24 November 2011	800,000	5 years	5.83% per annum	Annually	5.89%
14 August 2012	900,000	5 years	5.61% per annum	Annually	5.63%
7 June 2013	500,000	3 years	5.04% per annum	Annually	5.04%
20 August 2014	500,000	5 years	6.73% per annum	Annually	6.73%
13 August 2015	2,500,000	5 years	4.56% per annum	Annually	4.56%
15 September 2015	200,000	3 years	5.02% per annum	Annually	5.02%

31 December 2014

Date of issue	Principal *RMB'000*	Term	Contractual interest rate	Interest payment	Effective interest rate
10 March 2010	1,700,000	5 years	4.48% per annum	Annually	4.48%
21 April 2011	660,000	5 years	6.16% per annum	Annually	6.41%
20 October 2011	500,000	5 years	7.00% per annum	Annually	7.00%
25 October 2011	700,000	5 years	7.99% per annum	Annually	7.99%
24 November 2011	800,000	5 years	5.83% per annum	Annually	5.89%
14 August 2012	900,000	5 years	5.61% per annum	Annually	5.63%
7 June 2013	500,000	3 years	5.04% per annum	Annually	5.04%
20 August 2014	500,000	5 years	6.73% per annum	Annually	6.73%

44. DEFERRED INCOME

	Government grants relating to research and development expenditure	Government grants relating to property, plant and equipment	Government grants relating to land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	330,653	268,275	165,405	764,333
Additions	164,282	101,520	37,451	303,253
Utilised/amortised during the year	(108,178)	(73,878)	(24,573)	(206,629)
At 31 December 2014 and 1 January 2015	**386,757**	**295,917**	**178,283**	**860,957**
Additions	**115,652**	**33,128**	**12,341**	**161,121**
Utilised/amortised during the year	**(105,194)**	**(74,219)**	**(24,699)**	**(204,112)**
At 31 December 2015	**397,215**	**254,826**	**165,925**	**817,966**

During the year ended 31 December 2015, the Group received government grants of approximately RMB115,652,000 (2014: RMB164,282,000) towards the research and development expenditure. The amounts have been treated as deferred income and are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. This policy has resulted in a credit to income in the current year of approximately RMB105,194,000 (2014: RMB108,178,000). As at 31 December 2015, an amount of approximately RMB397,215,000 (2014: RMB386,757,000) remains unutilised.

During the year ended 31 December 2015, the Group received government grants of approximately RMB45,469,000 (2014: RMB138,971,000) towards the cost of construction of property, plant and equipment and acquisition of land use rights. The amounts have been treated as deferred income and transferred to income over the useful lives of the related assets. This policy has resulted in a credit to income in the current year of approximately RMB98,918,000 (2014: RMB98,451,000). As at 31 December 2015, an amount of approximately RMB420,751,000 (2014: RMB474,200,000) remains unamortised.

45. DEFERRED INCOME TAX

The movements in deferred income tax assets and liabilities during the year are as follows:

(a) Deferred income tax assets

	Provision for impairment of assets *RMB'000*	Assets revaluation surplus during the Reorganisation *RMB'000*	Tax losses *RMB'000*	Deferred income arising from government grants *RMB'000*	Unrealised profit on inter-company transactions *RMB'000*	Provision for early retirement and supplemental benefit obligations *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2014	365,578	5,152	14,475	37,709	270,885	48,898	89,500	832,197
Charged to other comprehensive income	-	-	-	-	-	(5,433)	—	(5,433)
Credited (Charged) to the consolidated of profit or loss statement	38,384	(850)	667	10,297	46,176	(8,375)	1,367	87,666
At 31 December 2014 and 1 January 2015	**403,962**	**4,302**	**15,142**	**48,006**	**317,061**	**35,090**	**90,867**	**914,430**
Credited to other comprehensive income	**-**	**-**	**-**	**-**	**-**	**4,104**	**-**	**4,104**
Credited (Charged) to the consolidated of profit or loss statement	**33,124**	**(761)**	**1,325**	**9,601**	**24,767**	**(5,669)**	**2,575**	**64,962**
At 31 December 2015	**437,086**	**3,541**	**16,467**	**57,607**	**341,828**	**33,525**	**93,442**	**983,496**

45. DEFERRED INCOME TAX *(Continued)*

(b) Deferred income tax liabilities

	Assets revaluation surplus in business combinations *RMB'000*	Borrowings reassessed in debt restructurings *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
At 1 January 2014	271,927	2,002	334,913	608,842
Credited to other comprehensive income	–	–	214,037	214,037
Credited to consolidated statement of profit or loss	(34,035)	(329)	–	(34,364)
At 31 December 2014 and 1 January 2015	**237,892**	**1,673**	**548,950**	**788,515**
Attributable to acquisition of subsidiaries *(Note 47)*	**151,823**	**–**	**–**	**151,823**
Credited to other comprehensive income	**–**	**–**	**(34,199)**	**(34,199)**
(Credited) Charged to consolidated statement of profit or loss	**(48,085)**	**(336)**	**66,416**	**17,995**
At 31 December 2015	**341,630**	**1,337**	**581,167**	**924,134**

(c) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2015, a deferred tax asset has been recognised in respect of approximately RMB103,955,000 (2014: RMB93,378,000) of such losses. No deferred tax assets has been recognised in respect of the remaining tax losses amounting to approximately RMB1,518,399,000 (2014: RMB1,440,390,000), as management believes it is more likely than not that such tax losses would not be realised before they expire. The expiry of the tax losses for which no deferred income tax assets were recognised are analysed as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Within 1 year	**416,245**	210,412
Between 1 to 2 years	**342,782**	416,245
Between 2 to 3 years	**231,608**	342,782
Between 3 to 4 years	**239,343**	231,608
Between 4 to 5 years	**288,421**	239,343
	1,518,399	1,440,390

46. SHARE CAPITAL

	Unlisted domestic shares		Unlisted foreign shares		H Shares		Total	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
	'000	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*
Registered, issued and fully paid:								
1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	2,276,523	2,276,523	130,793	130,793	1,164,148	1,164,148	3,571,464	3,571,464

47. BUSINESS COMBINATIONS

Business combinations for the year ended 31 December 2015

(i) Hazemag & EPR GmbH ("Hazemag")

On 30 August 2013, Sinoma International Engineering Co., Ltd ("Sinoma International"), a non-wholly owned subsidiary of the Company, entered into a share transfer agreement with the shareholder of Hazemag, a company incorporated in Germany, to acquire 59.09% equity interest in Hazemag at a total cash consideration of EUR104,000,000. The first step of acquisition of 29.55% equity interest was completed during the year ended 31 December 2014 with such investment carried as an available-for-sale investment as at 31 December 2014. On 2 March 2015, the Group acquired the additional 29.54% equity interest in Hazemag and and Hazemag became a subsidiary of the Group since then. Hazemag is principally engaged in the development, design, manufacture and supply of plant and machinery for materials processing and crushing both above and below ground, as well as for mining and tunnelling equipment and was acquired so as to continue the expansion of the Group's cement equipment and engineering services. This acquisition has been accounted for using acquisition method.

Consideration transferred

	RMB'000
Fair value of previously held equity interests	368,951
Cash consideration	368,950
	737,901

Acquisition-related costs were insignificant and have been excluded for the consideration transferred and have been recognised as an expense for the year ended 31 December 2015, within the 'administrative expenses' in the consolidated statement of profit or loss.

47. BUSINESS COMBINATIONS *(Continued)*

Business combinations for the year ended 31 December 2015 *(Continued)*

(i) Hazemag & EPR GmbH ("Hazemag") *(Continued)*

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	81,325
Intangible assets	128,395
Inventories	181,048
Trade and other receivables	415,636
Bank balances and cash	115,104
Trade and other payables	(295,845)
Borrowings	(10,185)
Deferred income tax liabilities	(100,908)
Non-controlling interests	(44,798)
	469,772

The fair value of trade and other receivables at the date of acquisition amounted to approximately RMB415,636,000. The gross contractual amounts of those trade and other receivables acquired amounted to approximately RMB415,636,000 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	737,901
Plus: non-controlling interest (40.91% in Hazemag)	192,184
Less: net assets acquired	(469,772)
Goodwill arising on acquisition	460,313

The non-controlling interest in Hazemag recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Hazemag and amounted to approximately RMB192,184,000.

Goodwill arose in the acquisition of Hazemag because the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of Hazemag. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purpose.

47. BUSINESS COMBINATIONS *(Continued)*

Business combinations for the year ended 31 December 2015 *(Continued)*

(i) Hazemag & EPR GmbH ("Hazemag") *(Continued)*

Net cash outflow on acquisition of Hazemag

	RMB'000
Cash consideration paid	(368,950)
Cash and cash equivalents acquired	115,104
	(253,846)

Impact of acquisition on the results of the Group

Included in the Group's profit for the year ended 31 December 2015 is approximately loss of RMB29,334,000 attributable to Hazemag. Revenue of the Group for the year ended 31 December 2015 includes approximately RMB668,359,000 attributable to Hazemag.

Had the acquisition of Hazemag been effected on 1 January 2015, the consolidated revenue and profit of the year of the Group for year ended 31 December 2015 would have been approximately RMB53,374,811,000 and RMB990,331,000 respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

(ii) Anhui Jieyuan Environmental Protection Technology Co., Ltd. ("Anhui Jieyuan")

On 20 November 2015, Sinoma International acquired 100% equity interest in Anhui Jieyuan from an independent third party for an aggregate consideration of RMB1,007,470,000. The consideration is satisfied by the issuance of 76,208,025 ordinary shares (the "Consideration Shares") of Sinoma International at an issue price of RMB13.22 per Consideration Share. Sinoma International has agreed with the following parties, Xu Xidong, Xuan Hong, Zhang Ximing, Zhang Ping, Jiang Guirong, Anhui Haihe New Energy Investment Co., Ltd., and Wuhu Henghai Investment Center (Limited Partnership) (collectively referred as "Compensation Covenanters") that the accumulated net profit attributable to the parent company of Anhui Jieyuan for the three years ending 31 December 2017 shall not be less than RMB300,000,000, failing which performance compensation shall be made by the Compensation Covenanters to Sinoma International. Anhui Jieyuan is principally engaged in energy management project, environment protection project, research on environmental technology and sales of environment equipment. This acquisition has been accounted for using acquisition method.

47. BUSINESS COMBINATIONS *(Continued)*

Business combinations for the year ended 31 December 2015 *(Continued)*

(ii) Anhui Jieyuan Environmental Protection Technology Co., Ltd. ("Anhui Jieyuan") *(Continued)*

Consideration transferred

	RMB'000
Consideration shares	1,007,470

Acquisition-related costs were insignificant and have been excluded from the consideration transferred and have been recognised as an expense for the year ended 31 December 2015, within the 'administrative expenses' in the consolidated statement of profit or loss.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	340,988
Other non-current assets	105,516
Intangible assets	3,840
Inventories	843
Trade and other receivables	63,688
Bank balances and cash	38,727
Trade and other payables	(159,398)
Borrowings	(77,400)
Deferred income tax liabilities	(14,214)
	302,590

The fair value of trade and other receivables at the date of acquisition amounted to approximately RMB63,688,000. The gross contractual amounts of those trade and other receivables acquired amounted to approximately RMB63,688,000 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

47. BUSINESS COMBINATIONS *(Continued)*

Business combinations for the year ended 31 December 2015 *(Continued)*

(ii) Anhui Jieyuan Environmental Protection Technology Co., Ltd. ("Anhui Jieyuan") *(Continued)*

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	1,007,470
Less: net assets acquired	(302,590)
Goodwill arising on acquisition	704,880

Goodwill arose in the acquisition of Anhui Jieyuan because the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Anhui Jieyuan. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purpose.

Net cash inflow on acquisition of Anhui Jieyuan

	RMB'000
Cash and cash equivalents acquired	38,727

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2015 was approximately RMB5,131,000 attributable to the additional business generated by Anhui Jieyuan. Turnover for the year ended 31 December 2015 included approximately RMB14,938,000 from Anhui Jieyuan.

Had the acquisition been completed on 1 January 2015, the total amount of revenue and profit of the year of the Group for year ended 31 December 2015 would have been approximately RMB53,351,127,000 and RMB1,022,043,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

In determining the "pro-forma" turnover and profit of the Group had Anhui Jieyuan been acquired at the beginning of 2015, the directors of the Company have calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

47. BUSINESS COMBINATIONS *(Continued)*

Business combinations for the year ended 31 December 2015 *(Continued)*

(ii) Anhui Jieyuan Environmental Protection Technology Co., Ltd. ("Anhui Jieyuan") *(Continued)*

Impact of acquisition on the results of the Group *(Continued)*

As a result of the issuance of the consideration shares, the Group's equity interest in Sinoma International was reduced from 42.46% to 39.70% and increase in non-controlling interest of RMB756,650,000 and a gain of RMB250,820,000 was resulted and recorded under other reserves in equity.

(iii) Jiugang Hongda

On 1 August 2015, following the change in the board composition of Jiugang Hongda, the Group obtained control over Jiugang Hongda and Jiugang Hongda was treated as a subsidiary of the Group thereafter. Prior to and after the change in the board composition, the Group had 60% equity interest in Jiugang Hondga.

Jiugang Hongda is principally engaged in manufacturing and sales of cement and cement clinker. The transaction has been accounted for using acquisition method.

Consideration

	RMB'000
Fair value of previously held equity interests	591,521

There were no acquisition-related costs.

Assets acquired and liabilities recognised at the date control was obtained are as follows:

	RMB'000
Property, plant and equipment	734,997
Intangible assets	67,257
Inventories	54,184
Trade and other receivables	263,326
Bank balances and cash	77,920
Trade and other payables	(197,935)
Deferred income tax liabilities	(13,880)
	985,869

The fair value of trade and other receivables at the date of acquisition amounted to approximately RMB263,326,000. The gross contractual amounts of those trade and other receivables acquired amounted to approximately RMB263,326,000 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

47. BUSINESS COMBINATIONS *(Continued)*

Business combinations for the year ended 31 December 2015 *(Continued)*

(iii) Jiugang Hongda *(Continued)*

	RMB'000
Fair value of previously held equity interests	591,521
Plus: non-controlling interest (40% in Jiugang Hongda)	394,348
Less: net assets acquired	(985,869)
	–

The non-controlling interest in Jiugang Hongda recognised at the date control was obtained was measured by reference to the proportionate share of recognised amounts of net assets of Jiugang Hongda and amounted to approximately RMB394,348,000.

Net cash inflow on acquisition of Jiugang Hongda

	RMB'000
Cash and cash equivalents acquired	77,920

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2015 was approximately RMB29,020,000 attributable to the additional business generated by Jiugang Hongda. Turnover for the year ended 31 December 2015 included approximately RMB223,257,000 from Jiugang Hongda.

Had the acquisition of Jiugang Hongda been completed on 1 January 2015, the total amount of revenue and profit of the year of the Group for year ended 31 December 2015 would have been approximately RMB53,533,256,000 and RMB1,021,648,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

In determining the "pro-forma" turnover and profit of the Group had Jiugang Hongda been acquired at the beginning of 2015, the directors of the Company have calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

47. BUSINESS COMBINATIONS *(Continued)*

Business combinations for the year ended 31 December 2015 *(Continued)*

(iv) Sinoma Jinjing Fiberglass Hong Kong Co., Limited ("Sinoma Jinjing Hong Kong")

On 31 December 2015, the Group acquired 50% equity interest in Sinoma Jinjing Hong Kong for a cash consideration of USD1. Prior to the acquisition of the 50% equity interest, the Group had 50% equity interest in Sinoma Jinjing Hong Kong which was classified as a joint venture of the Group. Following the acquisition, the Group had 100% equity interest in Sinoma Jinjing Hong Kong.

Sinoma Jinjing Hong Kong is principally engaged in the production and sales of glass fiber. The acquisition has been accounted for using acquisition method.

Consideration

	RMB'000
Cash consideration	–
Fair value of previously held equity interests	66,646
Total	66,646

There were no acquisition-related costs.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	229,997
Intangible assets	93,984
Inventories	66,648
Trade and other receivables	261,970
Bank balances and cash	69,752
Restricted bank balances	127,210
Trade and other payables	(421,613)
Borrowings	(271,836)
Deferred income tax liabilities	(22,821)
	133,291

The fair value of trade and other receivables at the date of acquisition amounted to approximately RMB261,970,000. The gross contractual amounts of those trade and other receivables acquired amounted to approximately RMB261,970,000 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

47. BUSINESS COMBINATIONS *(Continued)*

Business combinations for the year ended 31 December 2015 *(Continued)*

(iv) Sinoma Jinjing Fiberglass Hong Kong Co., Limited ("Sinoma Jinjing Hong Kong") *(Continued)*

Gain on bargain purchase on acquisition:

	RMB'000
Fair value of previously held equity interests	66,646
Less: net assets acquired	(133,291)
Gain on bargain purchase	(66,645)

The Group recongised a gain on bargain purchase of approximately RMB66,645,000 in the consolidated statement of profit or loss for the year ended 31 December 2015. In the opinion of the directors of the Company, the gain on bargain purchase is mainly attributable to the Group's capability in negotiating the terms of the transaction in favour of the Group.

Net cash inflow on acquisition of Sinoma Jinjing Hong Kong

	RMB'000
Cash consideration paid	–
Cash and cash equivalents acquired	69,752
	69,752

Impact of acquisition on the results of the Group

There was no profit and turnover was attributed the additional business generated by Sinoma Jinjing Hong Kong for the year ended 31 December 2015.

Had the acquisition of Sinoma Jinjing Hong Kong been completed on 1 January 2015, the total amount of revenue and profit of the year of the Group for year ended 31 December 2015 would have been approximately RMB53,453,522,000 and RMB975,729,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

In determining the "pro-forma" turnover and profit of the Group had Sinoma Jinjing Hong Kong been acquired at the beginning of 2015, the directors of the Company have calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

48. COMMITMENTS

(a) Capital commitments

	2015 RMB'000	2014 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of:		
– Property, plant and equipment	**418,824**	728,576
– Prepaid lease payments	**2,673**	1,891
	421,497	730,467

(b) Operating lease commitments

The Group as lessee

The Group leases various offices, warehouses and residential properties under non-cancellable operating lease agreements. At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	**12,467**	6,482
In the second to fifth year inclusive	**10,748**	9,640
After five years	**27,710**	32,118
	50,925	48,240

Operating lease payments represents rentals payables by the Group for various offices, warehouses and residential properties. Leases are negotiated for a period from 1 to 20 years and rentals are fixed during the relevant lease periods.

The Group as lessor

The Group rents out various investment properties under non-cancellable operating lease agreements. The rented out properties are expected to generate rental yield of 15% (2014: 18%) on an ongoing basis. All of the properties held have committed tenants for the next 1 to 10 years.

48. COMMITMENTS *(Continued)*

(b) Operating lease commitments *(Continued)*

The Group as lessor *(Continued)*

At the end of the reporting period, the Group had contracted with tenants for future minimum lease payments as follows:

	2015 **RMB'000**	2014 RMB'000
Within one year	**20,986**	11,438
In the second to fifth year inclusive	**35,766**	14,112
After five years	**27,540**	10,833
	84,292	36,383

49. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) During the year ended 31 December 2015, proceeds from the disposal of property, plant and equipment amounting to approximately RMB802,000,000 were included in other receivables.

(b) During the year ended 31 December 2015, the Group has acquired property, plant and equipment amounting to approximately RMB2,366,000,000 (2014: RMB2,625,000,000) which has been settled by bills payable.

(c) During the year ended 31 December 2014, proceeds from the disposal of property, plant and equipment and prepaid lease payments of approximately RMB240,000,000 and RMB200,000,000 respectively were included in other receivables.

(d) During the year ended 31 December 2014, the Group has acquired property, plant and equipment amounting to approximately RMB400,000,000 was settled by bank borrowings.

50. RELATED PARTY DISCLOSURES

Sinoma Group, the immediate holding company of the Company, is owned and controlled by the State-owned Assets Supervision and Administration Commission of the State Council. The State Council is the Company's ultimate controlling party, which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as the "state-owned enterprises"). Neither Sinoma Group nor the State Council published financial statements available for public use.

In accordance with HKAS 24 (Revised), the Group is exempted from disclosures of transactions with other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government.

50. RELATED PARTY DISCLOSURES *(Continued)*

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into between the Group and its related parties, excluding other state-owned enterprises, during the two years ended 31 December 2015 and 2014 and balances as at 31 December 2015, 31 December 2014 with related parties transactions.

The transactions with related parties are carried out on pricing and settlement terms agreed with counter parties.

(i) Transactions and balances with other state-owned enterprises

(a) The Group's transactions with other state-owned enterprises only accounted for less than 5% of the Group's revenue and cost of sales for the two years ended 31 December 2015 and 2014.

(b) The balances with other state-owned enterprises and Sinoma Group and its fellow subsidiaries only accounted for less than 5% of the Group's trade and other receivables and trade and other payables as at 31 December 2015 and 2014. However, over 95% of the Group's borrowings were obtained from and over 95% of the Group's cash and cash equivalents are maintained with other state-owned enterprises.

In addition, as at 31 December 2015 and 2014, certain borrowings of the Group were secured by the corporate guarantees executed by other state-owned enterprises and about 5% of the outstanding guarantees provided by the Group were in favor of other state-owned enterprises.

(ii) Significant transactions and balances with related parties other than state-owned enterprises

The Group has the following significant transactions with related parties other than other state-owned enterprises:

	2015 **RMB'000**	2014 RMB'000
Transactions with joint ventures		
Revenue		
– Sales of goods or provision of services	**14,167**	17,741
Expenses		
– Purchases of goods or services	**–**	9,137
Transactions with associates		
Revenue		
– Sales of goods or provision of services	**1,234**	276
Transactions with non-controlling interests		
Revenue		
– Sales of goods or provision of services	**90,251**	71,511
Expenses		
– Purchases of goods or services	**8,671**	11,152
– Rental expenses	**2,013**	2,039

50. RELATED PARTY DISCLOSURES *(Continued)*

(ii) Significant transactions and balances with related parties other than state-owned enterprises *(Continued)*

Balances with related parties other than other state-owned enterprises:

	2015 ***RMB'000***	2014 *RMB'000*
Trade and other receivables		
Trade receivables due from		
– Joint ventures	**9,751**	10,576
– Associates	**597**	518
– Non-controlling interests	**36,439**	9,242
– Less: Impairment loss recognised	**(2,398)**	(1,447)
	44,389	18,889
Other receivables due from		
– Joint ventures	**724**	1,487
– Non-controlling interests	**2,168**	–
– Less: Impairment loss recognised	**(145)**	(74)
	2,747	1,413
	47,136	20,302

	2015 ***RMB'000***	2014 *RMB'000*
Trade and other payables		
Trade payables due to		
– Joint ventures	**12**	9,184
– Non-controlling interests	**24,405**	21,083
	24,417	30,267
Other payables due to		
– Non-controlling interests	**2,786**	–
	2,786	–
	27,203	30,267

50. RELATED PARTY DISCLOSURES *(Continued)*

(ii) Significant transactions and balances with related parties other than state-owned enterprises *(Continued)*

The credit periods of trade receivables due from related parties and trade payables due to related parties, if any, generally range from 30 to 365 days. Other receivables due from related parties and other payables due to related parties are generally unsecured, non-interest bearing and repayable on demand.

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2015	2014
	RMB'000	*RMB'000*
Short-term benefits	**11,405**	10,208
Post employment benefits	**574**	504
Cash-settled share-based payments	**–**	(113)
	11,979	10,599

The remuneration of the key management is determined by the remuneration committee and having regard to the performance of individuals and market trends.

51. CHARGE OF ASSETS

The carrying values of Group's assets that are pledged to secured bank borrowings are as follows:

	31/12/2015	31/12/2014
	RMB'000	*RMB'000*
Property, plant and equipment	**2,475,405**	2,069,526
Prepaid lease payments	**421,618**	144,581
Trade and other receivables	**800,938**	–
	3,697,961	2,214,107

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

(a) General information of subsidiaries

As at 31 December 2015 and 2014, the Company has direct and indirect equity interests in the following principal subsidiaries:

Name	Place and date of incorporation and type of legal entities	Issued/ paid-in capital	Attributable equity interest		Principal activities and place of operation
			Directly held	Indirectly held	
		RMB'000			
Listed:					
Sinoma International (中國中材國際工程股份有限公司)	The PRC 28 December 2001 Joint stock company	1,169,505 (2014: 1,093,297)	39.70% (2014: 42.46%) *(Note (i)(1))*	–	Construction and engineering services; The PRC, Europe, Africa and other Asian countries
Sinoma Science & Technology (中材科技股份有限公司)	The PRC 28 December 2001 Joint stock company	400,000	54.32% *(Note (i)(2))*	–	High-tech materials operations; The PRC
Tianshan Cement (新疆天山水泥股份有限公司)	The PRC 18 November 1998 Joint stock company	880,101	35.49% *(Note (i)(3))*	–	Cement operations; The PRC
Ningxia Building Materials (寧夏建材集團股份有限公司)	The PRC 4 December 1998 Joint stock company	478,181	47.56% *(Note (i)(4))*	–	Cement operations; The PRC
Qilianshan Co. (甘肅祁連山水泥集團股份有限公司)	The PRC 3 December 1995 Joint stock company	776,290	13.24% *(Note (i)(5))*	5.93% (2014: 6.53%)	Cement Operations; The PRC
Unlisted:					
CBMI Construction Co., Ltd. (中材建設有限公司)	The PRC 13 November 2002 Limited liability company	72,580	–	100%	Construction and engineering services; The PRC, Africa, Europe and South America
Chengdu Design & Research Institute of Building Materials Industry Co., Ltd. (成都建築材料工業設計研究院有限公司)	The PRC 28 November 2002 Limited liability company	60,000	–	100%	Construction and engineering services; The PRC
Sinoma Tangshan Heavy Machinery Co., Ltd. (唐山中材重型機械有限公司)	The PRC 27 January 2003 Limited liability company	30,006	–	100%	Manufacture of cement equipment; The PRC

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name	Place and date of incorporation and type of legal entities	Issued/ paid-in capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities and place of operation
		RMB'000			
Unlisted: *(Continued)*					
Sinoma (Suzhou) Construction Co., Ltd. (蘇州中材建設有限公司)	The PRC 19 December 2002 Limited liability company	50,080	–	100%	Construction and engineering services; The PRC
Sinoma Equipment Group Co., Ltd. (中材裝備集團有限公司)	The PRC 13 December 2006 Limited liability company	145,000	–	100%	Construction and engineering services; The PRC, Africa and other Asian countries
Sinoma Equipment & Engineering Corp Ltd. (中國中材東方國際貿易有限公司)	The PRC 3 June 1988 Limited liability company	50,000	–	100%	Construction and engineering services; The PRC and other Asian countries
CEMTECH Tianjin Heavy Machinery Co. Ltd. (中材(天津)重型機械有限公司)	The PRC 7 April 2000 Limited liability company	55,280	–	100%	Manufacture of cement equipment; The PRC
CEMTECH Xuzhou Heavy Machinery Co., Ltd. (中天仕名(徐州)重型機械有限公司)	The PRC 16 December 2002 Limited liability company	38,000	–	91%	Manufacture of cement equipment; The PRC
CEMTECH Zibo Heavy Machinery Co., Ltd. (中天仕名(淄博)重型機械有限公司)	The PRC 8 January 2002 Limited liability company	50,000	–	100%	Manufacture of cement equipment; The PRC

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name	Place and date of incorporation and type of legal entities	Issued/ paid-in capital	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
		RMB'000			
Unlisted: *(Continued)*					
CEMTECH Changshu (常熟仕名重型機械有限公司)	The PRC 23 October 2003 Limited liability company	20,000	–	100%	Manufacture of cement equipment; The PRC
China Building Materials Industrial Corporation Xi'an Engineering Co., Ltd. (中國建築材料工業建設西安工程有限公司)	The PRC 28 December 2001 Limited liability company	56,000	–	100%	Construction and engineering services; The PRC
Sinoma Nanjing Mining Engineering Co., Ltd. (中國非金屬材料南京礦山工程有限公司)	The PRC 29 June 2007 Limited liability company	35,750	–	100%	Construction and engineering services; The PRC
Sinoma Shangrao (上饒中材機械有限公司)	The PRC 19 April 2007 Limited liability company	12,457	–	100%	Construction and engineering services; The PRC
Sinoma Tianjin Mining Engineering Co., Ltd. (天津礦山工程有限公司)	The PRC 26 June 2007 Limited liability company	60,960	–	100%	Construction and engineering services; The PRC
Sinoma Yanzhou Mining Engineering Co., Ltd. (兗州中材建設工程有限公司)	The PRC 14 August 2007 Limited liability company	33,870	–	100%	Construction and engineering services; The PRC

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name	Place and date of incorporation and type of legal entities	Issued/ paid-in capital *RMB'000*	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
Unlisted: *(Continued)*					
Henan Sinoma Environmental Protection Co., Ltd. (河南中材環保有限公司)	The PRC 17 November 2003 Limited liability company	28,500	–	100%	Manufacture of environment-friendly equipment; The PRC
Sinoma Cement (中材水泥有限責任公司)	The PRC 20 November 2003 Limited liability company	1,823,140	100%	–	Cement operations; The PRC
Sinoma Hanjiang (中材漢江水泥股份有限公司)	The PRC 25 August 1994 Joint stock company	277,916	–	91.83%	Cement operations; The PRC
Sinoma Hengda Cement Co., Ltd. (中材亨達水泥有限公司)	The PRC 6 February 2006 Limited liability company	270,000	–	70%	Cement operations; The PRC
Yunfu Tianshan Cement Co., Ltd. (中材天山(雲浮)水泥有限公司)	The PRC 4 April 2003 Limited liability company	150,000	–	81.94%	Cement operations; The PRC
Xinjiang Tianshan Zhuyou Concrete Co., Ltd. (新疆天山築友混凝土有限責任公司)	The PRC 20 April 2003 Limited liability company	50,000	–	100%	Cement operations; The PRC
Xinjiang Hejing Tianshan Cement Co., Ltd. (新疆和靜天山水泥有限責任公司)	The PRC 16 January 1996 Limited liability company	35,526	–	74.63%	Cement operations; The PRC
Korla Tianshan Shenzhou Concrete Co., Ltd. (庫爾勒天山神州混凝土有限責任公司)	The PRC 28 January 2003 Limited liability company	24,253	–	60%	Cement operations; The PRC

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name	Place and date of incorporation and type of legal entities	Issued/ paid-in capital	Attributable equity interest		Principal activities and place of operation
			Directly held	Indirectly held	
		RMB'000			
Unlisted: *(Continued)*					
Aksu Tianshan Duolang Cement Co., Ltd. (阿克蘇天山多浪水泥有限責任公司)	The PRC 25 April 2001 Limited liability company	443,325	–	100%	Cement operations; The PRC
Xinjiang Tunhe Cement Co., Ltd. (新疆屯河水泥有限責任公司)	The PRC 16 October 2000 Limited liability company	517,426	–	51%	Cement operations; The PRC
Suzhou Tianshan Cement Co., Ltd. (蘇州天山水泥有限責任公司)	The PRC 6 November 2003 Limited liability company	30,000	–	100%	Cement operations; The PRC
Wuxi Tianshan Cement Co., Ltd. (無錫天山水泥有限公司)	The PRC 28 February 2003 Limited liability company	80,000	–	100%	Cement operations; The PRC
Jiangsu Tianshan Cement (Group) Co., Ltd. (江蘇天山水泥集團有限公司)	The PRC 11 November 2002 Limited liability company	231,353	–	66.01%	Cement operations; The PRC
Suzhou Tianshan Concrete Co., Ltd. (蘇州天山商品混凝土有限公司)	The PRC 26 July 2002 Limited liability company	4,000	–	75%	Cement operations; The PRC
Sinoma Advanced Materials Co. Ltd. (中材高新材料股份有限公司)	The PRC 25 December 2000 Joint stock company	107,591	99.46%	–	High-tech materials operations; The PRC
Jiangxi Sinoma New Solar Materials Co., Ltd. (江西中材太陽能新材料有限公司)	The PRC 30 April 2007 Limited liability company	100,000	–	64%	Manufacture of new materials; The PRC

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name	Place and date of incorporation and type of legal entities	Issued/ paid-in capital RMB'000	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
Unlisted: *(Continued)*					
Beijing Sinoma Synthetic Crystals Co., Ltd. (北京中材人工晶體研究院有限公司)	The PRC 22 April 2005 Limited liability company	40,000	–	100%	High-tech materials operations; The PRC
Beijing Composite Material Co., Ltd. (北京玻鋼院複合材料有限公司)	The PRC 2 January 2003 Limited liability company	60,000	20%	80%	High-tech materials operations; The PRC
Sinoma Science & Technology (Suzhou) Co., Ltd. (中材科技(蘇州)有限公司)	The PRC 26 October 2004 Limited liability company	180,000	–	100%	High-tech materials operations; The PRC
Taishan Fiberglass Inc. (泰山玻璃纖維有限公司)	The PRC 17 September 1999 Limited liability company	1,934,712	100%	–	Glass fiber operations; The PRC
Taishan Fiberglass Zoucheng Co., Ltd. (泰山玻璃纖維鄒城有限公司)	The PRC 26 July 2001 Limited liability company	806,865	–	87.41%	Glass fiber operations; The PRC
Taishan Composite (山東泰山複合材料有限公司)	The PRC 16 April 2003 Limited liability company	238,684	–	100%	Glass fiber operations; The PRC
CTG International Inc. (CTG 北美貿易有限公司)	United States ("U.S.") 16 April 2004 Limited liability company	1,626	–	100%	Trading of glass fiber; U.S.
Tai'an Huatai Nonmetal Micronization Co., Ltd. (泰安華泰非金屬微粉有限公司)	The PRC 4 January 2002 Limited liability company	18,980	–	100%	Production and sale of non-metallic crystal; The PRC

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name	Place and date of incorporation and type of legal entities	Issued/ paid-in capital *RMB'000*	Attributable equity interest Directly held	Indirectly held	Principal activities and place of operation
Unlisted: *(Continued)*					
Sinoma Jinjing Fiber Glass Co., Ltd. (中材金晶玻纖有限公司)	The PRC 17 January 2004 Limited liability company	203,957	50.01%	–	Glass fiber operations; The PRC
Xiamen ISO Standard Sand Co., Ltd. (廈門艾思歐標準砂有限公司)	The PRC 22 December 1999 Limited liability company	32,000	51%	–	Manufacture of Chinese ISO standard sands; The PRC
Yixing Tianshan (宜興天山水泥有限責任公司)	The PRC 29 July 2008 Limited liability company	150,000	–	100%	Cement operations; The PRC
Midong Tianshan Cement Co., Ltd. (新疆米東天山水泥有限公司)	The PRC 24 April 2007 Limited liability company	256,481	–	64.56%	Cement operations; The PRC
Sinoma Luoding Cement Co., Ltd. (中材羅定水泥有限公司)	The PRC 4 December 2007 Limited liability company	230,000	–	100%	Production and sales of cement and clinker; The PRC
Sinoma Zhuzhou Cement Co., Ltd. (中材株洲水泥有限公司)	The PRC 11 October 2005 Limited liability company	230,000	–	100%	Cement operation; The PRC
Sinoma Changde Cement Co., Ltd. (中材常德水泥有限責任公司) (formerly known as Changde Sinoma Cement Co., Ltd, 常德中材牛力水泥有限公司)	The PRC 10 October 2007 Limited liability company	135,000	–	100%	Cement operation; The PRC
Sinoma Xiang Tan Cement Co., Ltd. (中材湘潭水泥有限公司) (formerly known as Xiang Tan Sinoma Cement Co., Ltd, 湘潭中材牛力水泥有限公司)	The PRC 28 September 2007 Limited liability company	230,000	–	100%	Production and sales of cement and clinker; The PRC

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name	Place and date of incorporation and type of legal entities	Issued/ paid-in capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities and place of operation
		RMB'000			
Unlisted: *(Continued)*					
Sinomatech Wind Power Blades Co., Ltd (中材科技風電葉片股份有限公司)	The PRC 14 June 2007 Joint stock company	441,019	–	91.58%	Sales of wind power blade; The PRC
Ning Xia Qingtongxia Cement Co., Ltd. (寧夏青銅峽水泥股份有限公司)	The PRC 11 August 2001 Joint stock company	334,750	–	87.19%	Cement operation; The PRC
Ning Xia Zhongning Saima Cement Co., Ltd. (寧夏中寧賽馬水泥有限公司)	The PRC 24 June 2004 Limited liability company	205,758	–	100%	Cement operation; The PRC
Xiahe Anduo (夏河祁連山安多水泥有限責任公司)	The PRC 1 February 2000 Limited liability company	50,000	–	65%	Cement operation; The PRC
Sinomatech (Funing) Wind Power Blade Co., Ltd. (中材科技(阜寧)風電葉片有限公司)	The PRC 26 December 2007 Limited liability company	318,607	–	100%	Sales of wind power blade; The PRC
Energy and Infrastructure Limited (能源和基建有限公司)	Saudi Arabia 3 February 2013 Limited liability company	31,848	–	51%	Construction and engineering services; Saudi Arabia
Sinoma International Engineering (HK) Co., Limited (中材國際工程股份(香港)有限公司)	Hong Kong 22 January 2013 Limited liability company	158,052	–	100%	Investment in construction project, The PRC
Nanjing National Materials Testing Technology Co., Ltd. (南京中材檢測技術有限公司)	The PRC 1 January 2013 Limited liability company	500	–	100%	Inspection service, The PRC
中材江西電瓷電氣有限公司	The PRC 22 March 2013 Limited liability company	100,000	–	70%	Sales of insulators for high voltage power transmission The PRC

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

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.

(i) As at 31 December 2015 and 2014, the Group's shares in companies listed in the PRC comprise:

(1) 39.70% (2014: 42.46%) equity interests in Sinoma International, a company listed on the Shanghai Stock Exchange of the PRC. The Company's equity interests in Sinoma International represents 464,263,219 A shares. The market value of the 464,263,219 tradable shares as at 31 December 2015 is approximately RMB5,547,945,467 (2014: RMB6,225,769,766 for 464,263,219 tradable shares).

The directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Sinoma International on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholders. There are another three shareholders individually holding more than 1% with aggregation of ownership interests of 13.00%. The remaining 47.30% ownership interests in Sinoma International are owned by thousands of shareholders that are unrelated to the Group.

(2) 54.32% (2014: 54.32%) equity interests in Sinoma Science & Technology, a company listed on the Shenzhen Stock Exchange of the PRC. The Company's equity interests in Sinoma Science & Technology represents 217,298,286 A shares. The market value of the 217,298,286 tradable shares as at 31 December 2015 is approximately RMB5,784,480,373 (2014: RMB2,824,877,718 for 217,298,286 tradable shares).

The directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Sinoma Science & Technology on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholders. There are another five shareholders individually holding more than 1% with aggregation of ownership interests of 13.35%. The remaining 32.33% ownership interests in Sinoma Science & Technology are owned by thousands of shareholders that are unrelated to the Group.

(3) 35.49% (2014: 35.49%) equity interests in Tianshan Cement, a company listed on the Shenzhen Stock Exchange of the PRC. The Company's equity interests in Tianshan Cement represents 312,381,609 A shares. The market value of the 312,381,609 tradable shares as at 31 December 2015 is approximately RMB2,507,918,430 (2014: RMB3,201,911,492 for 312,381,609 tradable shares).

The directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Tianshan Cement on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholder. There is one shareholder holding more than 1% with ownership interests of 1.14%. The remaining 63.37% ownership interests in Tianshan Cement are owned by thousands of shareholders that are unrelated to the Group.

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

(i) As at 31 December 2015 and 2014, the Group's shares in companies listed in the PRC comprise: *(Continued)*

(4) 47.56% (2014: 47.56%) equity interests in Ningxia Building Materials, a company listed on the Shanghai Stock Exchange of the PRC. The Group's equity interests in Ningxia Building Materials represents 227,413,294 (2014: 227,413,294) A shares which will be tradable since 21 December 2014. The market value of the 227,413,294 tradable shares as at 31 December 2015 is approximately RMB2,547,028,893 (2014: RMB2,824,473,062 for 227,413,294 tradable shares).

The directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Ningxia Building Materials on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholder. The remaining 52.44% (2014: 52.44%) ownership interests in Ningxia Building Materials are owned by thousands of shareholders that are unrelated to the Group, none individually holding more than 1%.

(5) 19.17% (2014: 19.77%) effective equity interests in Qilianshan Co., a company listed on the Shanghai Stock Exchange of the PRC. The Group's equity interests in Qilianshan Co. represents 193,047,029 (2014: 202,216,739) A shares. The market value of these shares as at 31 December 2015 is approximately RMB1,704,605,266 (2014: RMB2,218,317,627).

The directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Qilianshan Co., on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholder. The remaining 80.83% (2014: 80.23%) ownership interests in Ningxia Building Materials are owned by thousands of shareholders that are unrelated to the Group, none individually holding more than 1%.

(ii) The operations of the principal subsidiaries are principally located in the PRC, Middle East and other Asian countries

Except for Sinoma International, Sinoma Science & Technology, Tianshan Cement, Ningxia Building Material, Qilianshan Co. which are listed companies in the PRC, all subsidiaries, jointly ventures and associates have substantially the same characteristics as a Hong Kong incorporated private company.

The English names of certain subsidiaries referred to in these consolidated financial statements represent management's best effort in translating the Chinese names of these companies as no English names have been registered.

Except for the medium-term notes, short-term financing bills and corporate bonds, as detailed in Note 43, Note 37 and Note 42, none of the subsidiaries had issued debt securities at the end of the reporting period.

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(a) General information of subsidiaries *(Continued)*

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 31 December 2015	31 December 2014
Equipment and engineering services	Germany	**2**	–
Investment holdings	The PRC	**3**	3
Investment holdings	India	**1**	1
Construction and engineering services	The PRC	**28**	30
Construction and engineering services	Malaysia	**1**	1
Manufacture of cement equipment	The PRC	**10**	10
Cement operations	The PRC	**95**	94
Glass fiber operations	The PRC	**5**	5
High-tech materials operations	The PRC	**26**	24
Production and sale of non-metallic crystal	The PRC	**3**	2
Publication service	The PRC	**3**	3
Mining, gas supply and inspection	The PRC	**9**	9
Sales of wind power blade	The PRC	**8**	4
Property management	The PRC	**8**	10

(b) Details of non-wholly owned subsidiaries that have subsidiary of the Group that have material non-controlling interests:

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation/ registration	Paid up issued/ ordinary share capital	Proportion of ownership interests and voting rights held by non-controlling interests 2015	2014	Profit (loss) allocated to non-controlling interests 2015	2014	Accumulated non-controlling interests 2015	2014
		RMB'000			***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Sinoma International	The PRC	1,169,505 (2014: 1,093,297)	**60.30%**	57.54%	**104,398**	43,786	**2,708,991**	2,587,882
Sinoma Science & Technology	The PRC	400,000	**45.68%**	45.68%	**124,436**	78,915	**1,377,062**	1,252,626
Tianshan Cement	The PRC	880,101	**64.51%**	64.51%	**(409,029)**	164,552	**4,988,480**	5,397,509
Ningxia Building Materials	The PRC	478,181	**52.44%**	52.44%	**19,253**	156,483	**2,114,519**	2,140,476
Qilianshan Co.	The PRC	776,290	**80.83%**	80.23%	**47,283**	347,982	**2,939,844**	2,654,731
Sinoma Jinjing Fiber Glass	The PRC	203,957	**49.99%**	49.99%	**29,900**	(55,735)	**117,773**	87,873

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(b) Details of non-wholly owned subsidiaries that have subsidiary of the Group that have material non-controlling interests: *(Continued)*

The summarised financial information in respect of the Group's subsidiaries that have non-controlling interests that are material to the Group for the year ended 31 December 2015, before intragroup eliminations:

	Sinoma International *RMB'000*	Sinoma Science & Technology *RMB'000*	Tianshan Cement *RMB'000*	Ningxia Building Materials *RMB'000*	Qilianshan Co. *RMB'000*	Sinoma Jinjing Fiber Glass *RMB'000*
As at 31 December 2015						
Current assets	23,260,230	4,746,647	4,427,196	2,171,420	2,390,713	481,741
Non-current assets	5,306,028	3,250,861	16,423,196	5,597,930	8,825,270	505,365
Current liabilities	(20,011,377)	(4,336,824)	(11,232,277)	(2,304,053)	(3,049,181)	(629,140)
Non-current liabilities	(1,743,595)	(577,064)	(1,897,889)	(1,023,522)	(2,355,946)	(121,250)
Equity attributable to owners of the Company	2,587,294	1,706,558	2,731,746	2,327,256	2,871,011	118,943
Non-controlling interests	4,223,991	1,377,062	4,988,480	2,114,519	2,939,844	117,773
For the year ended 31 December 2015						
Revenue	22,596,228	5,827,586	5,046,650	3,184,500	4,850,556	81,434
Expenses	21,946,747	5,490,769	5,712,688	3,129,592	4,754,806	20,497
Profit (loss) for attributable to owners of the Company	664,492	300,303	(521,843)	19,895	303	60,937
Profit (loss) for attributable to the non-controlling interests	(15,011)	36,514	(144,195)	35,013	95,447	–
Profit (loss) for the year	649,481	336,817	(666,038)	54,908	95,750	60,937

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(b) Details of non-wholly owned subsidiaries that have subsidiary of the Group that have material non-controlling interests: *(Continued)*

	Sinoma International *RMB'000*	Sinoma Science & Technology *RMB'000*	Tianshan Cement *RMB'000*	Ningxia Building Materials *RMB'000*	Qilianshan Co. *RMB'000*	Sinoma Jinjing Fiber Glass *RMB'000*
Other comprehensive income (expenses) attributable to owners of the Company	(39,703)	–	(1,045)	(690)	–	(87)
Other comprehensive income (expenses) attributable to the non-controlling interests	(591)	–	(919)	–	–	–
Other comprehensive income (expenses) for the year	(40,294)	–	(1,964)	(690)	–	(87)
Total comprehensive income (expenses) attributable to owners of the Company	424,789	212,381	(258,973)	34,965	48,467	30,950
Total comprehensive income (expenses) attributable to the non-controlling interests	184,398	124,436	(409,029)	19,253	47,283	29,900
Total comprehensive income (expenses) for the year	609,187	336,817	(668,002)	54,218	95,750	60,850
Dividends paid to non-controlling interests	4,946	15,941	–	172,829	56,999	–
Net cash inflow (outflow) from operating activities	1,965,218	822,954	236,784	309,442	639,440	(8,377)
Net cash (outflow) inflow from investing activities	(425,307)	(329,011)	(5,557)	(35,963)	364,064	49,499
Net cash inflow (outflow) from financing activities	266,672	(390,327)	97,442	(229,944)	(818,748)	37,434
Effect of changes in exchange rate	165,684	435	–	–	–	148
Net cash inflow (outflow)	1,972,267	104,051	328,669	43,535	184,756	78,704

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(b) Details of non-wholly owned subsidiaries that have subsidiary of the Group that have material non-controlling interests: *(Continued)*

The summarised financial information in respect of the Group's subsidiaries that have non-controlling interests that are material to the Group for the year ended 31 December 2014, before intragroup eliminations:

	Sinoma International *RMB'000*	Sinoma Science & Technology *RMB'000*	Tianshan Cement *RMB'000*	Ningxia Building Materials *RMB'000*	Qilianshan Co. *RMB'000*	Sinoma Jinjing Fiber Glass *RMB'000*
As at 31 December 2014						
Current assets	21,039,405	4,881,285	4,865,317	2,337,649	2,326,812	160,926
Non-current assets	3,719,377	3,173,975	17,088,018	5,795,218	8,932,068	226,819
Current liabilities	(18,473,699)	(4,661,846)	(9,889,390)	(2,602,985)	(3,437,932)	(209,882)
Non-current liabilities	(1,787,548)	(651,239)	(3,697,012)	(1,029,301)	(2,403,130)	(2,083)
Equity attributable to owners of the Company	1,909,653	1,489,549	2,969,424	2,360,105	2,763,087	87,907
Non-controlling interests	2,587,882	1,252,626	5,397,509	2,140,476	2,654,731	87,873
For the year ended 31 December 2014						
Revenue	22,943,571	4,531,885	7,104,243	4,119,608	6,412,132	17,643
Expenses	22,897,007	4,359,128	6,845,742	3,789,751	5,928,815	129,136
Profit (loss) for attributable to owners of the Company	19,771	93,842	91,742	172,977	246,491	(55,758)
Profit (loss) for attributable to the non-controlling interests	26,793	78,915	166,759	156,880	236,826	(55,735)
Profit (loss) for the year	46,564	172,757	258,501	329,857	483,317	(111,493)

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(b) Details of non-wholly owned subsidiaries that have subsidiary of the Group that have material non-controlling interests: *(Continued)*

	Sinoma International RMB'000	Sinoma Science & Technology RMB'000	Tianshan Cement RMB'000	Ningxia Building Materials RMB'000	Qilianshan Co. RMB'000	Sinoma Jinjing Fiber Glass RMB'000
Other comprehensive income (expenses) attributable to owners of the Company	29,272	–	(1,837)	(734)	33,565	–
Other comprehensive income (expenses) attributable to the non-controlling interests	261	–	(1,583)	(101)	193,287	–
Other comprehensive income (expenses) for the year	29,533	–	(3,420)	(835)	226,852	–
Total comprehensive income (expenses) attributable to owners of the Company	32,311	93,842	90,528	172,539	362,186	(55,758)
Total comprehensive income (expenses) attributable to the non-controlling interests	43,786	78,915	164,553	156,483	347,983	(55,735)
Total comprehensive income (expenses) for the year	76,097	172,757	255,081	329,022	710,169	(111,493)
Dividends paid to non-controlling interests	15,727	18,272	56,775	47,662	–	–
Net cash inflow (outflow) from operating activities	1,409,015	381,621	409,989	493,166	923,930	(35,680)
Net cash (outflow) inflow from investing activities	(575,771)	(525,306)	18,534	(166,692)	(112,892)	(4,302)
Net cash inflow (outflow) from financing activities	790,701	339,303	(200,682)	(182,189)	(856,560)	34,324
Effect of changes in exchange rate	(26,542)	(1,067)	–	(1,067)	–	108
Net cash inflow (outflow)	1,597,403	194,551	227,841	143,218	(45,522)	(5,550)

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES *(Continued)*

(c) As at 31 December 2015 and 2014, the Company has indirect equity interests in the following principal associates:

Name	Place and date of incorporation and type of legal entities	Issued/ paid-in capital *RMB'000*	Attributable equity interest	Principal activities and place of operation
Unlisted:				
Nanjing Chunhui Science & Technology Industry & Commerce Co., Ltd. (南京春輝科技實業有限公司)	The PRC 24 January 1997 Limited liability company	8,043	20.59%	Glass fiber operations; The PRC
Hangzhou Qiangshi Engineering & Materials Co., Ltd. (杭州強士工程材料有限公司)	The PRC 30 July 2000 Limited liability company	17,750	30%	Glass fiber operations; The PRC
Hanjiang Concrete Co., Ltd. (漢中市漢江混凝土有限責任公司)	The PRC 24 March 2000 Limited liability company	15,000	26.67%	Cement operations; The PRC
Jiugang (Group) Hongda Building Materials Co., Ltd. (酒鋼(集團)宏達建材有限責任公司)	The PRC 10 February 1998 Limited liability company	136,730	*(Note (i))* (2014: 60%)	Cement operation; The PRC
Sinoma Group Finance Co., Ltd. (中材集團財務有限公司)	The PRC 23 April 2013 Limited liability company	500,000	30%	Finance business; The PRC
Wuxi Hengjiu Concrete Pile Manufacturing Co., Ltd. (無錫恒久管粧制造有限公司)	The PRC 4 September 2003 Limited liability company	15,000	25%	Cement equipment and engineering services; The PRC

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

Note (i): The Group appointed three of the seven directors in the board of directors of Jiugang (Group) Hongda Building Materials Co., Ltd. ("Jiugang Hongda"). The Group has significant influence over Jiugang Hongda and therefore Jiugang Hongda treated as an associate of the Group since 2010.

During the year ended 31 December 2015, the Group appointed four of the seven directors in the board of directors of Jiugang Hongda. Accordingly, the Group has control over Jiugang Hongda and therefore Jiugang Hongda was accounted for as a subsidiary of the Group.

53. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2015 RMB'000	31/12/2014 RMB'000
Non-current assets		
Property, plant and equipment	4,476	5,405
Intangible assets	6,898	7,385
Investments in subsidiaries	12,806,816	12,460,224
Investment in an associate	921,758	904,700
Available-for-sale financial assets	2,166,540	2,435,699
Deferred income tax assets	15,798	15,798
	15,922,286	15,829,211
Current assets		
Other receivables	1,806,844	1,915,251
Bank balances and cash	303,999	486,022
	2,110,843	2,401,273
Current liabilities		
Other payables	56,237	532,341
Dividend payables	11,239	9,366
Income tax liabilities	3,893	1,678
Short-term financing bills	1,250,000	1,900,000
Borrowings	–	50,000
Corporate bonds	2,497,993	–
Medium-term notes	–	1,700,000
Early retirement and supplemental benefit obligations	3,862	3,571
	3,823,224	4,196,956
Net current assets (liabilities)	(1,712,381)	(1,795,683)
Total assets less current liabilities	14,209,905	14,033,528
Non-current liabilities		
Corporate bonds	–	2,495,162
Medium-term notes	2,500,000	–
Borrowings	48,000	–
Early retirement and supplemental benefit obligations	29,568	27,644
Deferred income tax liabilities	442,678	507,315
	3,020,246	3,030,121
NET ASSETS	11,189,659	11,003,407
Capital and reserves		
Share capital	3,571,464	3,571,464
Reserves *(Note a)*	7,618,195	7,431,943
TOTAL EQUITY	11,189,659	11,003,407

53. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) The movements in the reserves of the Company during the reporting period are:

	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Investment revaluation reserve RMB'000	Other reserves RMB'000 *(Note b (i))*	Retained earnings RMB'000	Total RMB'000
At 1 January 2014	3,273,160	(546,272)	127,444	922,532	1,532,854	214,035	5,523,753
Loss for the year	–	–	–	–	–	(52,997)	(52,997)
Other comprehensive income for the year							
Actuarial gain on defined benefit obligations	–	–	–	–	21,222	–	21,222
Fair value changes of available-for-sale financial assets	–	–	–	821,858	–	–	821,858
Income tax relating to fair value changes of available-for-sale financial assets	–	–	–	(200,159)	–	–	(200,159)
Total comprehensive (expenses) income for the year	–	–	–	621,699	21,222	(52,997)	589,924
Dividend recognised as distribution	–	–	–	–	–	(71,429)	(71,429)
Government contributions	–	–	–	–	1,389,695	–	1,389,695
At 31 December 2014	3,273,160	(546,272)	127,444	1,544,231	2,943,771	89,609	7,431,943

53. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) The movements in the reserves of the Company during the reporting period are: *(Continued)*

	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Investment revaluation reserve *RMB'000*	Other reserves *RMB'000* *(Note b (i))*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2015	3,273,160	(546,272)	127,444	1,544,231	2,943,771	89,609	7,431,943
Profit for the year	–	–	–	–	–	115,971	115,971
Other comprehensive income for the year							
Actuarial gain on defined benefit obligations	–	–	–	–	(4,953)	–	(4,953)
Fair value changes of available-for-sale financial assets	–	–	–	(176,445)	–	–	(176,445)
Release of reserve upon disposal of available-for-sale financial assets	–	–	–	(81,210)	–	–	(81,210)
Income tax relating to fair value changes of available-for-sale financial assets	–	–	–	44,111	–	–	44,111
Release of income tax upon disposal of available-for-sale financial assets	–	–	–	20,303	–	–	20,303
Total comprehensive (expenses) income for the year	–	–	–	(193,241)	(4,953)	115,971	(82,223)
Dividend recognised as distribution	–	–	–	–	–	(107,144)	(107,144)
Government contributions	–	–	–	–	375,619	–	375,619
Appropriation to statutory surplus reserve	–	–	11,597	–	–	(11,597)	–
At 31 December 2015	3,273,160	(546,272)	139,041	1,350,990	3,314,437	86,839	7,618,195

53. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(b) The reserves of the Company

(i) In October 2007, Sinoma Group entered into an irrevocable guarantee agreement with the Ministry of Commerce of the PRC ("MOC"), which released a guarantee previously provided by the Company to a subsidiary of Sinoma Group on a special foreign aid fund loans lent by MOC to such subsidiary. According to the agreement, Sinoma Group will assume the responsibility as the guarantor of the loans. The provision made by the Company for such guarantee, amounting to RMB98,700,000, was reversed and accounted for as an equity contribution from Sinoma Group.

During the year ended 31 December 2015, national funds amount to RMB375,619,000 (2014: RMB1,389,695,000) are contributed by the PRC Government to the Company through Sinoma Group. Such funds are used specifically for energy saving and emission reduction and key industries construction projects.

Pursuant to the requirements of the relevant notice, the national funds are designated as capital contribution and vested solely by the PRC Government. They are non-repayable and can be converted to share capital of the entities receiving the funds upon approval by their shareholders and completion of other procedures.

(ii) Statutory surplus reserve

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to appropriate 10% of its profit after tax as determined in accordance with the PRC GAAP and regulations applicable to the Company, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the Company. The appropriation to the reserve must be made before any distribution of dividends to owners.

The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the Company's share capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

For the year ended 31 December 2015, the Board of Directors proposed appropriation of 10% of profit after tax as determined under the PRC GAAP, amounting to RMB11,597,000 (2014: Nil) to the statutory surplus reserve.

(iii) Profit/loss for the year attributable to owners of the Company

The profit for the year attributable to owners of the Company for the year ended 31 December 2015 has incorporated a profit of approximately RMB115,971,000 (2014: loss of approximately RMB52,997,000) arising from the financial statements of the Company.

54. EVENTS AFTER THE REPORTING PERIOD

1. On 16 February 2016, Sinoma Science & Technology issued 180-day short-term financing bills of face value at RMB300,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 3.14% per annum and the principal together with the interest thereon is payable on maturity of the bills.

2. On 23 February 2016, Sinoma Science & Technology entered into an equipment procurement contract with DaLian Rubber & Plastics Machinery Co., Ltd. ("DaLian Rubber & Plastics") pursuant to which DaLian Rubber & Plastics has agreed to sell the lithium membrane production lines with a single capacity of 60 million square meters to Sinoma Lithium Membrane Co., Ltd. ("Lithium Membrane Company") and to be in charge of the overall graphic design of plant area and the design of factories for the construction project of lithium membrane production lines, with the aggregate consideration thereunder being RMB277.9 million. Further details of which are set out in the Company's announcement dated 23 February 2016.

3. On 3 March 2016, Sinoma Science & Technology entered into the promoters' agreement with the Nanjing Fiberglass R&D Institute Co., Ltd. ("NRDI"), a wholly-owned subsidiary of Sinoma Science & Technology, and Tengzhou Yingke Hezhong Investment Management Centre (Limited Partnership) ("Yingke Hezhong") to set up a joint venture. Sinoma Science & Technology, the NRDI and Yingke Hezhong have agreed to establish Lithium Membrane Company with a registered capital of RMB0.3 billion, upon the completion of which Lithium Membrane Company will be owned as to 53.33%, 33.34% and 13.33% by Sinoma Science & Technology, the NRDI and Yingke Hezhong, respectively. Further details of which are set out in the Company's announcement dated 3 March 2016.

DEFINITIONS

"Articles of Association" or "Articles"	the articles of association of the Company as amended from time to time
"Audit Committee"	the audit committee of the Board
"BBMG"	BBMG Group Co., Ltd. (北京金隅集團有限責任公司), one of the promoters of the Company
"BBMG Corporation"	BBMG Corporation
"Board"	the board of Directors of the Company
"CBMI Construction"	CBMI Construction Co., Ltd. (中材建設有限公司), a wholly-owned subsidiary of Sinoma International
"Cinda"	China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), one of the promoters of the Company
"Company", "our Company", "we" or "us"	China National Materials Company Limited (中國中材股份有限公司), a joint stock limited company incorporated on 31 July 2007 under the laws of the PRC
"CTG"	Taishan Fiberglass Inc. (泰山玻璃纖維有限公司), a wholly-owned subsidiary of the Company
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares of RMB1.00 each in the share capital of the Company, which are subscribed for and credited as fully paid up in RMB by PRC nationals and/or PRC incorporated entities
"Group"	the Company and its subsidiaries
"H Shares"	overseas listed foreign shares of RMB1.00 each in the ordinary share capital of the Company, which are subscribed for and traded in Hong Kong dollars and are listed and traded on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Ningxia Building Materials"	Ningxia Building Materials Group Co., Limited (寧夏建材集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600449), a subsidiary of the Company
"Nomination Committee"	the nomination committee of the Board

"Parent" or "Sinoma Group"	China National Materials Group Corporation Ltd. (中國中材集團有限公司), the controlling shareholder and one of the promoters of the Company
"Parent Group"	collectively, Parent and its subsidiaries (excluding the Group)
"PRC" or "China"	the People's Republic of China, which for the purpose of this annual report only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Qilianshan Co."	Gansu Qilianshan Cement Group Company Limited (甘肅祁連山水泥集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600720), a subsidiary of the Company
"Qilianshan Holdings"	Gansu Qilianshan Building Materials Holdings Company Limited (甘肅祁連山建材控股有限公司), a subsidiary of the Company
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"Sinoma (Hong Kong)"	China National Materials (Hong Kong) Co., Limited (中國中材股份(香港)有限公司), a wholly-owned subsidiary of the Company incorporated under the laws of Hong Kong
"Sinoma Advanced Materials"	Sinoma Advanced Materials Co., Ltd. (中材高新材料股份有限公司), a subsidiary of the Company
"Sinoma Cement"	Sinoma Cement Co., Ltd. (中材水泥有限責任公司), a wholly-owned subsidiary of the Company
"Sinoma E&E"	Sinoma Equipment & Engineering Corp., Ltd. (中國中材東方國際貿易有限公司), a wholly-owned subsidiary of Sinoma International
"Sinoma Finance"	Sinoma Group Finance Co., Ltd. (中材集團財務有限公司), a limited liability company incorporated under the laws of the PRC
"Sinoma International"	Sinoma International Engineering Co., Ltd. (中國中材國際工程股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600970), a subsidiary of the Company
"Sinoma Jinjing"	Sinoma Jinjing Fiber Glass Co., Ltd. (中材金晶玻纖有限公司), a subsidiary of the Company
"Sinoma Mining"	Sinoma Mining Construction Co., Ltd. (中材礦山建設有限公司), a wholly-owned subsidiary of the Company

"Sinoma Science & Technology"	Sinoma Science & Technology Co., Ltd. (中材科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002080), a subsidiary of the Company
"Strategy Committee"	the strategy committee of the Board
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Taishan Investment"	Taian Taishan Investment Co., Ltd. (泰安市泰山投資有限公司), one of the domestic shareholders of the Company
"Tianshan Cement"	Xinjiang Tianshan Cement Co., Ltd. (新疆天山水泥股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000877), a subsidiary of the Company
"Tianshan Group"	Xinjiang Tianshan Building Materials (Group) Company Limited (新疆天山建材(集團)有限責任公司), a subsidiary of the Parent and one of the promoters of the Company
"Well Kent"	Well Kent International Holdings Company Limited (華建國際集團有限公司), one of the promoters of the Company
"Xiamen Standard Sand"	Xiamen ISO Standard Sand Co., Ltd. (廈門艾思歐標準砂有限公司), a subsidiary of the Company
"Zibo Hi-Tech"	Zibo New & Hi-Tech Venture Capital Co., Ltd. (淄博高新技術風險投資股份有限公司), one of the promoters of the Company

China National Materials
Company Limited