China National Materials Company Limited

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

Materials
Bring a Prosperous Life

2012 Interim Report

Contents

Corporate Information

As at 30 June 2012

DIRECTORS

Executive Directors

TAN Zhongming *(Chairman)*
LI Xinhua

Non-executive Directors

YU Shiliang *(Vice Chairman)*
LIU Zhijiang
ZHANG Hai
TANG Baoqi

Independent Non-executive Directors

LEUNG Chong Shun
SHI Chungui
LU Zhengfei
WANG Shimin
ZHOU Zude

SUPERVISORS

XU Weibing *(Chairman)*
ZHANG Renjie
WANG Jianguo
YU Xingmin
QU Xiaoli

STRATEGY COMMITTEE

TAN Zhongming *(Chairman)*
YU Shiliang
LIU Zhijiang
LI Xinhua
ZHOU Zude

AUDIT COMMITTEE

LU Zhengfei *(Chairman)*
WANG Shimin
LIU Zhijiang

REMUNERATION COMMITTEE

SHI Chungui *(Chairman)*
LEUNG Chong Shun
LU Zhengfei

NOMINATION COMMITTEE[Note]

TAN Zhongming *(Chairman)*
SHI Chungui
ZHOU Zude

Note: On 27 March 2012, the Nomination Committee re-elected its members, as a result of which, the committee is comprised of three members, namely Mr. TAN Zhongming, Mr. SHI Chungui and Mr. ZHOU Zude and chaired by Mr. TAN Zhongming.

Corporate Information

As at 30 June 2012

SECRETARY OF THE BOARD

GU Chao

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

TAN Zhongming
YU Leung Fai *(HKICPA, AICPA)*

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 Co., Ltd.

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

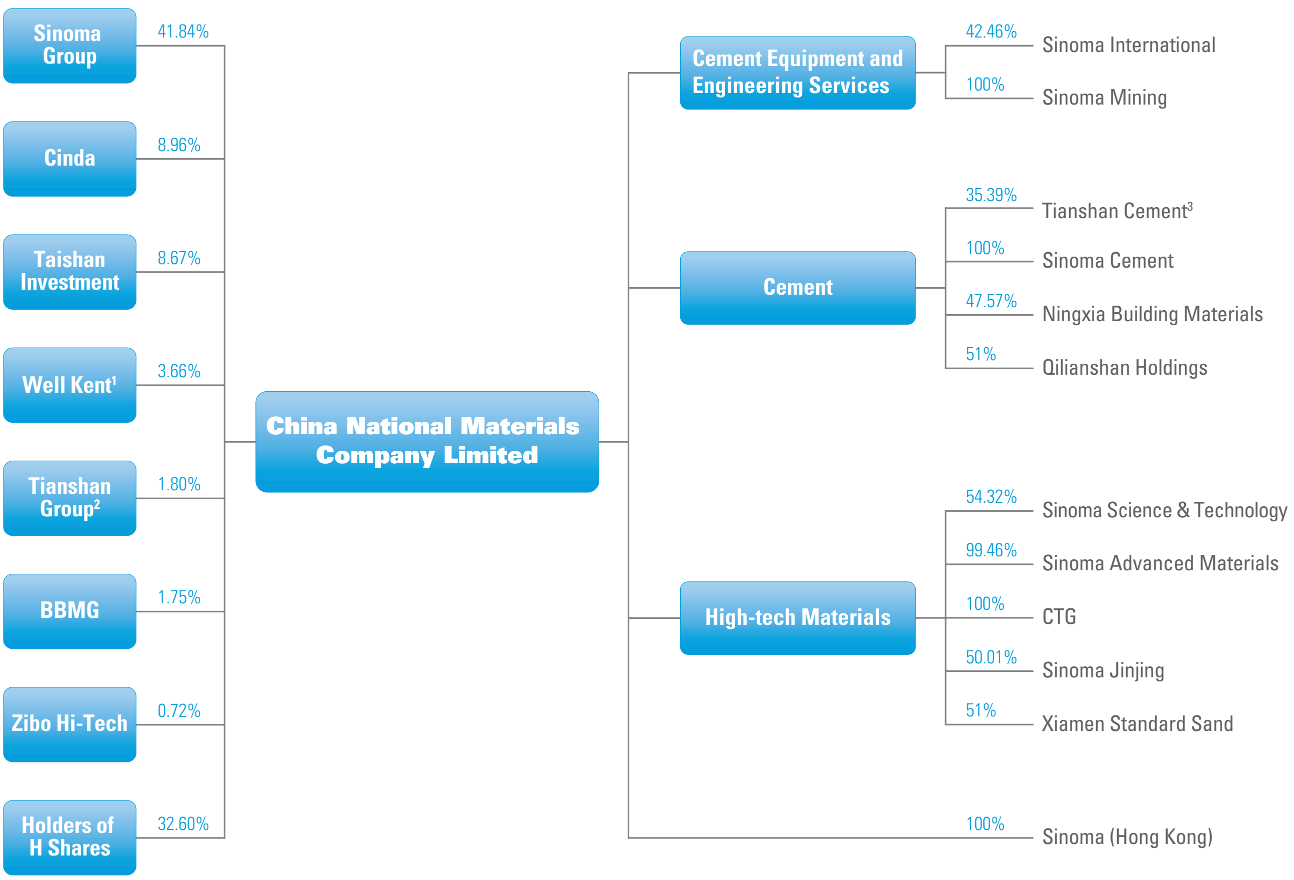
http://www.sinoma-ltd.cn

INVESTOR CONTACT

Tel: (8610)8222 9925
Fax: (8610)8222 8800
E-mail: ir@sinoma-ltd.cn

Corporate Structure

As at 30 June 2012



Notes:

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

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

3 Upon the completion of the public offer and listing of additional A shares by Tianshan Cement on 3 February 2012, the equity interest in Tianshan Cement held by the Company was changed to 35.39%.

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

Financial Summary

	Six months ended 30 June		
	2012	2011	Change
	RMB million	RMB million	%
	(Unaudited)	(Unaudited)	
		(Restated)	
Turnover	**22,981.52**	22,322.81	2.95
Profit for the period	**617.83**	1,944.46	(68.23)
Profit attributable to owners of the Company	**181.99**	763.18	(76.15)
Basic earnings per share (RMB)	**0.05**	0.21	(76.19)

	30 June	31 December	
	2012	2011	Change
	RMB million	RMB million	%
	(Unaudited)	(Unaudited)	
		(Restated)	
Total assets	**84,840.51**	79,746.88	6.39
Total liabilities	**60,032.86**	55,963.82	7.27
Equity attributable to owners of the Company	**10,605.67**	10,978.01	(3.39)
Equity per share (RMB)	**2.97**	3.07	(3.26)

Note: 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 the reporting period, which were under common control.

Business Summary

CEMENT EQUIPMENT AND ENGINEERING SERVICES

	Six months ended 30 June		
	2012	2011	Change
			%
Amount of new order intakes (RMB million)	**17,628**	23,259	(24.21)

	30 June	31 December	
	2012	2011	Change
			%
Amount of backlog (RMB million)	**58,347**	58,393	(0.08)

CEMENT

	Six months ended 30 June		
	2012	2011	Change
			%
Sales volume of cement ('000 tonnes)	**26,643**	19,626	35.75
Sales volume of clinker ('000 tonnes)	**3,780**	5,327	(29.04)

HIGH-TECH MATERIALS

	Six months ended 30 June		
	2012	2011	Change
			%
Sales volume of glass fiber and products ('000 tonnes)	**219**	232	(5.60)
Sales volume of fan blades for wind power generator (set)	**707**	594	19.02
Sales volume of solar-energy fused silica crucibles (unit)	**16,622**	41,770	(60.21)
Sales volume of CNG cylinders (unit)	**89,510**	70,728	26.56

Dear Shareholders,

On behalf of the Board, I am pleased to report to the shareholders the interim report of the Group for the six months ended 30 June 2012.

During the first half of 2012, the recovery of the world economy was slow with spreading debt crisis in Europe, weak growth in the developed countries and declining growth in the emerging markets. The domestic economy continued to slow down and was presented by declining profitability, rising risks and instable expectations. Facing the complex and challenging domestic and international economic circumstances, the Company actively adjusted product mix, innovated service models and optimized resource allocation. The Company strived to reduce costs through implementing benchmark comparison management, central procurement and refined management. Furthermore, the Company made great efforts to explore domestic and international markets, while fostering and diversifying into related industries. During the reporting period, turnover of the Group was RMB22,981.52 million, representing a year-on-year increase of 2.95%. Profit for the period was RMB617.83 million, representing a year-on-year decrease of 68.23%. Profit attributable to owners of the Company was RMB181.99 million, representing a year-on-year decrease of 76.15%. Earnings per share amounted to RMB0.05.

CEMENT EQUIPMENT AND ENGINEERING SERVICES

During the reporting period, the Company continued to reinforce its strategic layout over the overseas markets, meanwhile further exploring the emerging markets. While consolidating the traditional market, the Company aggressively explored the domestic market in China, maintaining its leading position in the market. The amount of new order intakes amounted to RMB17.628 billion. As at 30 June 2012, the amount of backlog of the segment was RMB58.347 billion.

The Company's exploitation into the new industries has achieved preliminary success. The related scientific research including the disposal of garbage in cement kilns received financial support from seven ministries including the National Development and Reform Commission and Ministry of Science and Technology. After the demonstration project for treatment of garbage in Liyang, Jiangsu Province was put into trial operation, such technology was actively promoted to many other cities. The denitration technological reform businesses of cement production line made rapid progress, with the total solution well-suited market demands. Furthermore, the diversified engineering services and comprehensive equipment business also achieved steady progress.

CEMENT

During the first half of 2012, given the sluggish growth in demand for cement due to the general slowdown in macro-economic growth, coupled with the intensive release of newly-added production capacities, the situation of an excessive supply in the industry deteriorated, leading to a substantial decrease in the segment's results as compared with the corresponding period of last year. Facing a challenging external environment, the segment continued to enhance its internal management and optimized resource allocation, so as to reduce production costs. Furthermore, the segment strengthened its marketing efforts and implemented distinctive marketing strategies for various regional markets and customer groups, increasing its market shares and maintaining stable prices.

The cement segment adhered to the established strategy and continued to improve its industrial layout. During the reporting period, 6 production lines of the Company were put into operation with newly-added production capacity of 10 million tonnes. While improving the industrial layout, the cement segment also facilitated its industrial chain extension, raising the production capacity of commercial concrete by 3.8 million cubic meters through acquisition and merger and self-construction. Furthermore, sticking to the environmental protection strategy, the segment sped up construction of waste-heat generation projects. During the reporting period, 8 waste-heat power generation projects commenced operation with a total installed capacity of 258.5MW, reducing emission of carbon dioxide by 434,200 tonnes. Meanwhile, the segment actively explored and implemented projects of co-disposal of solid waste in cement kilns, in an effort to transmit to an environmental protection industry.

HIGH-TECH MATERIALS

During the reporting period, facing the complicated domestic and overseas economic situation and to cope with various challenges including the deteriorating European debt crisis, slowdown in domestic economy, excessive production capacity of the wind power and polysilicon industries as well as the increasingly intensified market competition, our high-tech materials segment actively exploited new markets, adjusted product mix, enhanced management capability, reduced production costs, increased investments in technology, so as to further improve the core competitiveness of its products. The fan blades business seized the opportunities arising from industry consolidation to acquire quality assets with its current production capacity of 3,300 sets, successfully extending its industrial layout to cover Beijing, Gansu, Jilin, Yunnan, Jiangsu and Inner Mongolia. Through technological transformation, acquisition and merger, the production capacity of the high-pressure composite cylinder business reached 620,000 units, with the main products extending from CNG cylinders to industrial cylinders. The glass fiber and products business basically maintained stable production and sales by constantly adjusting its product mix and stepping up efforts to exploit the domestic market. Being severely affected by the whole PV industry, the sales volume of the solar-energy fused silicon crucibles dropped significantly as compared with that of the corresponding period of last year, but currently showing signs of bottom-out.

PROSPECTS

In the second half of 2012, the economy of the Eurozone will be in slight recession with moderate recovery in Japan and the U.S.A., while the decline in the emerging economies will slow down. Driven by a series of macro-economic policies implemented by the PRC government, including policies to maintain steady growth, the PRC economy will show early signs of stabilization or even bounce back, with slightly higher growth rate for the third and forth quarter than the second quarter. The Company will closely monitor the changes in domestic and international macro-economy and adjust its marketing strategies in a timely manner, so as to seize opportunities and make full use of it competitive advantages to improve the profitability of the Company.

The cement equipment and engineering services segment will continue to step up efforts to explore the South American, Middle East, Southeast Asian, African Oil Export Countries, Indian and Russian markets by proactively responding to the demands of the project owners, constantly innovating its service models and enhancing differentiated service capabilities. Leveraging on the existing projects, the segment will aggressively tap into the post-project service market to expedite development of the post-project service businesses. The segment will facilitate progress of the key projects and enhance control over operation costs to obviate project performance risk in a timely manner. Furthermore, the segment will strengthen refined management for specific projects to practically reduce costs and expenses, so as to further increase gross margin of projects.

Seizing the opportunities brought to the industry by the macro-economic polices implemented by the government to maintain stable growth, coupled with the gradual implementation by the cement industry of the relevant policies including mergers and reorganization, phasing out of backward production, energy saving and emission reduction, the cement segment will continue to reduce costs and improve capacity utilization rate by enhancing benchmark comparison management, so as to expand its market share and enhance profitability. At the same time, the segment will continue to explore and promote the application of co-disposal of waste such as mud and urban garbage in cement kilns, to play an important role in promotion of environmental protection.

Leveraging on its technology advantages, the high-tech materials segment will continue to enhance product quality and capacity utilization rate to reduce costs, and carry out industry consolidation when opportunities arise. The segment will speed up product R&D and technology upgrading for fan blades to increase its export rate, while implementing unified management over all production sites to promote overall development. Furthermore, the segment will strive to further reduce the costs and enhance qualified product rate of solar-energy fused silica crucibles, to expand distribution channels of high-pressure composite cylinders, as well as to explore the applications of glass fiber and products in the high-end markets. The high-tech materials segment will continue to enhance its competitiveness and expand its market share by leveraging on its technology and management advantages, in an effort to maintain basically stable result for the segment in 2012.

On behalf of the Board, I would like to express my heartfelt gratitude to all the shareholders, investors and customers for your continuous support and thank the management and all the staff of the Company for their dedication and hard work for the Group.

TAN Zhongming
Chairman of the Board

Beijing, China
28 August 2012

Management Discussion and Analysis

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

During the reporting period, the recovery of the world economy was overshadowed by the moderate growth in the US economy, slowdown in the emerging economies and ongoing deterioration of the debt crisis in Europe. There was a slight decrease in the overall demand of the global cement equipment and engineering industry as compared with that of 2011, with better-than-expected performance in some regional markets such as South America, Middle East, Southeast Asia and Africa.

During the reporting period, slowdown of China's economic growth and overall excessive production capacity in the cement industry led to continuous decline in the fixed asset investments in the cement industry. During the reporting period, the investment amount in fixed assets of the cement industry recorded a year-on-year decrease of 5.42% to RMB61.878 billion, while investments in Northwest China maintained rapid growth, with a year-on-year increase of over 25%. In response to the complex and changeful economic situation, the PRC government implemented a series of policies and measures to maintain stable growth, including significant increase of financial expenditure and banking facilities and cuts in deposit reserve ratio and interest rate. All these macro-economic policies have provided positive signals for the market.

Business Review

Decline in operating results and further increase in market presence

Being affected by the domestic and international macro-economic environment, our operations have been under great pressure. During the reporting period, the operating results of the segment declined to a certain extent, and the amount of new order intakes also decreased as compared to that of the corresponding period of last year. Facing the adverse domestic and overseas environment, the Company aggressively explored the domestic and overseas markets leveraging on its brand strengths. During the reporting period, although there was a decrease in the amount of new order intakes from the overseas market, the project owners came from many countries in Middle East, South America, Africa, Eastern Europe and Southeast Asia, showing an increase in the Company's market presence. With our expansion into various regional markets, there will be more projects that need follow-up actions and in-depth negotiation. The amount of new order intakes shall increase subsequently if the impact of the European sovereign debt crisis diminishes.

Enhancing resource allocation and management of the EPC projects to facilitate overall smooth progress

During the reporting period, the Company achieved overall smooth progress of its projects, with a number of projects successfully completed, three projects receiving Provisional Acceptance Certificate (PAC) and seven projects receiving Final Acceptance Certificate (FAC) from the project owners. The Company enhanced resource allocation and management of the EPC projects, so as to further improve its contract performance capability. For loss-making projects, the Company looked carefully into the issue to identify the cause and its own shortage, and actively communicated with the project owners to facilitate smooth implementation of the subsequent projects.

Actively Expanding the Company's Business Scope and Facilitating Steady Progress in the New businesses

During the reporting period, the Company made active exploitation into the newly established industries, and achieved preliminary effects in all respects. In environment engineering business, the relevant scientific research on the disposal of garbage in cement kilns received financial support from seven ministries including the National Development and Reform Commission and Ministry of Science and Technology. After the demonstration project for disposal of garbage in Liyang, Jiangsu Province was put into trial operation, such technology was actively promoted in many other cities. The denitration technological reform businesses of cement production line made rapid progress, with the system solution well-suited for market demands. During the reporting period, the Company signed 16 new denitration EPC projects and had a total of 8 production lines put into operation. As to the diversified engineering services, the construction of the 10MW PV engineering EPC project in Xigaze, Tibet has almost been completed. The Company conducted preliminary market development in Dongying, Shandong Province, Wuxi, Jiangsu Province and other places. Meanwhile, the Company made active progress in exploiting such areas as power engineering, construction engineering and utility engineering. For the comprehensive equipment services, the Company developed relevant technology to extend the existing cement equipment manufacturing capability to other industries, and the adaptation abilities of the grinding and crushing equipments have been enhanced.

CEMENT

Industry Review

Being affected by the sluggish global economy, the macro-economy of China slowed down remarkably in the first half of 2012. In an environment of general slowdown in economic growth, there was a shortage in the number of infrastructure construction projects in progress and a decrease in real estate investments, leading to a weak growth in demands for cement. In the first half of the year, the production volume of the cement industry amounted to 994 million tonnes, representing a year-on-year increase of 5.48%. Meanwhile, due to the continuous rapid growth in production capacity in recent years, the industry also faced pressure from an overall excessive supply, which resulted in significant decline in cement price throughout the country, causing substantial decrease in profitability of the industry as compared with the corresponding period of last year. In order to maintain steady economic growth, the government implemented proactive measures for adjustment of the macro-economy in the first half of the year, including cutting the deposit reserve ratio and benchmark interest rate. It is expected that the macro-economy will gradually resume stable growth in the second half of the year, which in turn will improve the profitability of the cement industry.

Business Review

Adhering to the Established Strategy to Promote Sound Expansion of the Segment

Adhering to the established strategy, the cement segment was dedicated to the development of its core business and stable expansion of its business scale. During the reporting period, 6 cement production lines were put into operation with newly-added production capacity of 10 million tonnes, therefore the total production capacity reaching 97 million tonnes. The cement segment also actively promoted the deployment of waste-heat generation systems in the cement production lines to reduce costs. During the reporting period, an additional installed capacity of waste-heat generators of 57MW was established. 4 waste-heat generation projects were under construction with a designed capacity of 27MW. As at the end of June 2012, the accumulated installed capacity of the waste-heat generation of cement production lines of the Company was 258.5MW, thereby reducing the emission of 434,200 tonnes of carbon dioxide. Meanwhile, to facilitate its industrial chains extension strategy, the segment constructed and acquired commercial concrete batching plants in areas where it operated cement business, so as to bring in synergy of the industrial chain. During the reporting period, the segment successfully raised the production capacity of commercial concrete by 3.80 million cubic meters in total.

Management Discussion and Analysis

Continuingly Optimizing Internal Management and Taking Proactive Measures to Combat the Adverse Environment

During the reporting period, in view of the overall excessive supply in the industry and continuously low cement price, the cement segment continued to reinforce benchmark comparison management and strengthen cost control and refined management. The segment strived to reduce procurement costs for raw materials and fuel, transportation and maintenance services through online bid, central procurement and other methods, while strengthening cost management with stringent control over the non-production expenses. By enhancing technology upgrading to improve the overall operation of the equipments, the segment continued to improve the operational indicators of each production line. During the reporting period, both the standard consumption of coal for each ton of clinker and the consolidated consumption of electricity for each ton of cement declined on a year-on-year basis.

HIGH-TECH MATERIALS

Industry Review

During the reporting period, the high-tech materials industry faced immense challenges. Affected by the fierce fluctuation in the European economy, the world economy experienced a bumpy recovery. Given the significant decrease in market demands, rising trade protectionism in the overseas markets, excessive production capacity in the domestic emerging industries such as wind power and polysilicon as well as the intensified industry competition, enterprises in some industries had to reduce or suspend production. As a result of the subsidy cuts by the foreign governments and the ongoing impact of excessive production capacity in China, the fan blades industry experienced further decline in prices. The glass fiber industry witnessed weak market recovery, with a production volume of 1.411 million tonnes in the first half of 2012, representing a slight growth of 3.6% as compared with the corresponding period of last year. Increasingly intensified competition in the CNG cylinders industry led to decline in the prices. As affected by the PV engineering industry, the solar-energy fused silica crucibles industry was currently undergoing a harsh time.

Business Review

Grasping Market Opportunities to Carry out Industry Consolidation

Through the acquisition of the fan blades business of Goldwind Science & Technology Co., Ltd., the Company further strengthened the strategic cooperation relationship between the two parties and enlarged its production capacity of fan blades, successfully extending its industrial layout to cover Beijing, Gansu, Jilin, Yunnan, Jiangsu and Inner Mongolia, which contributed to better development of the fan blades segment. Through technology upgrading and acquisition of 100% equity interest in Jiujiang Sanzuan Machinery Co., Ltd. (九江三鑽機械有限責任公司), the high-pressure composite cylinders segment expanded into the industrial cylinders business, with an annual production capacity of 620,000 units (including 220,000 CNG cylinders and 400,000 industrial cylinders), which further diversified its principal product portfolio, enlarged industry scale and enhanced its comprehensive competitiveness.

Reducing Product Costs and Adjusting Product Mix

During the reporting period, by actively promoting the successful practices of outstanding enterprises in managing costs, the Company implemented cost control in all respects through various measures, including establishment of information systems, adoption of optimized production process, unified tenders for bulk procurement and stepping up efforts to collect trade receivables. As a result, the unit sales costs of fan blades and CNG cylinders decreased by more than 5% and 10% respectively, while the costs of other products also decreased to various extent.

During the reporting period, the Company strengthened adjustment to the product mix of the glass fiber segment, so as to increase the technological added value of the products. The production line of electronic glass fabrics was put into operation with some products already launched to the market. The proportion of products with high added value is expected to increase steadily in the second half of the year.

FINANCIAL REVIEW

	Six months ended 30 June		
	2012	2011	Change
	RMB million	RMB million	%
	(Unaudited)	(Unaudited)	
		(Restated)	
Turnover	**22,981.52**	22,322.81	2.95
Cost of sales	**(19,393.82)**	(17,248.20)	12.44
Gross profit	**3,587.70**	5,074.61	(29.30)
Other gains	**336.00**	160.12	109.84
Selling and marketing expenses	**(669.61)**	(640.13)	4.61
Administrative expenses	**(1,654.48)**	(1,575.06)	5.04
Exchange loss	**(13.19)**	(24.15)	(45.38)
Other expenses	**(23.22)**	(54.19)	(57.15)
Operating profit	**1,563.20**	2,941.20	(46.85)
Interest income	**125.92**	103.06	22.18
Finance costs	**(904.36)**	(691.65)	30.75
Share of results of associates	**8.98**	71.14	(87.38)
Profit before tax	**793.74**	2,423.75	(67.25)
Income tax expense	**(175.91)**	(479.29)	(63.30)
Profit for the period	**617.83**	1,944.46	(68.23)
Profit for the period attributable to:			
Owners of the Company	**181.99**	763.18	(76.15)
Non-controlling interests	**435.84**	1,181.28	(63.10)

Operating Results

For the six months ended 30 June 2012, profit before tax of the Group was RMB793.74 million, representing a decrease of 67.25% as compared with the corresponding period of last year. Profit attributable to owners of the Company was RMB181.99 million, representing a decrease of 76.15% as compared with the corresponding period of last year. Earnings per share of the Company was RMB0.05.

Management Discussion and Analysis

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 for the six months ended 30 June 2012 was RMB22,981.52 million, representing an increase of 2.95% as compared with RMB22,322.81 million in the corresponding period of last year. The increase was mainly due to the increase in the trading business volume of the cement equipment and engineering services segment and the increase in the sales volume of the cement segment. In particular, the turnover of the cement equipment and engineering services segment and the cement segment increased by RMB826.87 million and RMB219.52 million respectively, while the turnover of the high-tech materials segment recorded a decrease of RMB104.58 million.

Cost of sales

Cost of sales of the Group for the six months ended 30 June 2012 was RMB19,393.82 million, representing an increase of 12.44% as compared with RMB17,248.20 million in the corresponding period of last year. The increase was mainly due to the increase in sales volume. In particular, the cost of sales of the cement equipment and engineering services segment, the cement segment and the high-tech materials segment increased by RMB1,139.61 million, RMB1,313.00 million and RMB55.61 million, respectively.

Gross profit and gross margin

Gross profit of the Group for the six months ended 30 June 2012 was RMB3,587.70 million, representing a decrease of 29.30% as compared with RMB5,074.61 million in the corresponding period of last year. In particular, the gross profit of the cement equipment and engineering services segment, the cement segment and the high-tech materials segment decreased by RMB312.74 million, RMB1,093.48 million and RMB160.19 million, respectively. Gross margin decreased by 7.12 percentage points from 22.73% in the corresponding period of last year to 15.61%.

Selling and marketing expenses

Selling and marketing expenses of the Group for the six months ended 30 June 2012 was RMB669.61 million, representing an increase of 4.61% as compared with RMB640.13 million in the corresponding period of last year. The increase was mainly due to the increase in sales volume of products. In particular, the selling and marketing expenses of the cement equipment and engineering services segment decreased by RMB0.09 million, while the selling and marketing expenses of the cement segment and the high-tech materials segment recorded an increase of RMB27.56 million and RMB2.17 million, respectively.

Administrative expenses

Administrative expenses of the Group for the six months ended 30 June 2012 was RMB1,654.48 million, representing an increase of 5.04% as compared with RMB1,575.06 million in the corresponding period of last year. The increase was mainly due to the increase in labour cost. In particular, the administrative expenses of the cement equipment and engineering services segment and the high-tech materials segment increased by RMB45.04 million and RMB46.58 million, respectively, while the administrative expenses of the cement segment recorded a decrease of RMB34.42 million.

Operating profit and operating profit margin

Operating profit of the Group for the six months ended 30 June 2012 was RMB1,563.20 million, representing a decrease of 46.85% as compared with RMB2,941.20 million in the corresponding period of last year. Operating profit margin decreased by 6.38 percentage points from 13.18% in the corresponding period of last year to 6.80%.

Finance costs

Finance costs of the Group for the six months ended 30 June 2012 was RMB904.36 million, representing an increase of 30.75% as compared with RMB691.65 million in the corresponding period of last year. The increase was mainly due to the increase of financing and the rise in interest rate.

Share of results of associates

Share of results of associates of the Group for the six months ended 30 June 2012 was RMB8.98 million, representing a decrease of 87.38% as compared with RMB71.14 million in the corresponding period of last year. The decrease was mainly due to the significant drop in the results of a number of associates.

Income tax expense

Income tax expense of the Group for the six months ended 30 June 2012 was RMB175.91 million, representing a decrease of 63.30% as compared with RMB479.29 million in the corresponding period of last year. The decrease was mainly due to the significant decrease in the profit before tax.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2012 was RMB181.99 million, representing a decrease of 76.15% as compared with RMB763.18 million in the corresponding period of last year. The decrease was mainly due to the decline in the Company's overall results.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests for the six months ended 30 June 2012 was RMB435.84 million, representing a decrease of 63.10% as compared with RMB1,181.28 million in the corresponding period of last year.

Segment Results

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

Management Discussion and Analysis

Cement Equipment and Engineering Services

	Six months ended 30 June		
	2012	2011	Change
	RMB million	RMB million	%
	(Unaudited)	(Unaudited)	
		(Restated)	
Turnover	**12,455.52**	11,628.65	7.11
Cost of sales	**11,015.75**	9,876.14	11.54
Gross profit	**1,439.77**	1,752.51	(17.85)
Selling and marketing expenses	**86.10**	86.19	(0.10)
Administrative expenses	**684.11**	639.07	7.05
Segment results	**659.82**	991.29	(33.44)

Turnover

Turnover of the cement equipment and engineering services segment for the six months ended 30 June 2012 was RMB12,455.52 million, representing an increase of 7.11% as compared with RMB11,628.65 million in the corresponding period of last year. The increase was mainly due to the growth in revenue contributed from the exploration in the trading business.

Cost of sales

Cost of sales of the cement equipment and engineering services segment for the six months ended 30 June 2012 was RMB11,015.75 million, representing an increase of 11.54% as compared with RMB9,876.14 million in the corresponding period of last year. The increase was mainly due to the increase in the trading business.

Gross profit and gross margin

Gross profit of the cement equipment and engineering services segment for the six months ended 30 June 2012 was RMB1,439.77 million, representing a decrease of 17.85% as compared with RMB1,752.51 million in the corresponding period of last year. Gross margin decreased by 3.51 percentage points from 15.07% in the corresponding period of last year to 11.56%. The decrease was mainly due to the lower gross margin of the trading business than that of the original business.

Selling and marketing expenses

Selling and marketing expenses of the cement equipment and engineering services segment for the six months ended 30 June 2012 was RMB86.10 million, representing a decrease of 0.10% as compared with RMB86.19 million in the corresponding period of last year.

Administrative expenses

Administrative expenses of the cement equipment and engineering services segment for the six months ended 30 June 2012 was RMB684.11 million, representing an increase of 7.05% as compared with RMB639.07 million in the corresponding period of last year. The increase was mainly due to the increase in the expense of exploring new business as well as the increased labour cost.

Segment results

Based on the above, results of the cement equipment and engineering services segment for the six months ended 30 June 2012 was RMB659.82 million, representing a decrease of 33.44% as compared with RMB991.29 million in the corresponding period of last year.

Cement

	Six months ended 30 June		
	2012	2011	Change
	RMB million	RMB million	%
	(Unaudited)	(Unaudited)	
Turnover	**8,959.80**	8,740.28	2.51
Cost of sales	**7,317.35**	6,004.35	21.87
Gross profit	**1,642.45**	2,735.93	(39.97)
Selling and marketing expenses	**439.25**	411.69	6.69
Administrative expenses	**622.02**	656.44	(5.24)
Segment results	**756.63**	1,745.99	(56.66)

Turnover

Turnover of the cement segment for the six months ended 30 June 2012 was RMB8,959.80 million, representing an increase of 2.51% as compared with RMB8,740.28 million in the corresponding period of last year. The increase was mainly due to the increase in sales volume of products resulting from the commencement of operation of new production lines.

Cost of sales

Cost of sales of the cement segment for the six months ended 30 June 2012 was RMB7,317.35 million, representing an increase of 21.87% as compared with RMB6,004.35 million in the corresponding period of last year. The increase was mainly due to the increase in sales volume of products.

Gross profit and gross margin

Gross profit of the cement segment for the six months ended 30 June 2012 was RMB1,642.45 million, representing a decrease of 39.97% as compared with RMB2,735.93 million in the corresponding period of last year. Gross margin of the cement segment decreased by 12.97 percentage points from 31.30% in the corresponding period of last year to 18.33% for the six months ended 30 June 2012. The decrease was mainly due to the significant fall in the price of cement.

Selling and marketing expenses

Selling and marketing expenses of the cement segment for the six months ended 30 June 2012 was RMB439.25 million, representing an increase of 6.69% as compared with RMB411.69 million in the corresponding period of last year. The increase was mainly due to the increase in packaging and transportation costs as a result of the increased sales volume.

Administrative expenses

Administrative expenses of the cement segment for the six months ended 30 June 2012 was RMB622.02 million, representing a decrease of 5.24% as compared with RMB656.44 million in the corresponding period of last year. The decrease was mainly due to the enhanced management by the Company which facilitated effective control on operation expenses.

Segment results

Based on the above, results of the cement segment for the six months ended 30 June 2012 was RMB756.63 million, representing a decrease of 56.66% as compared with RMB1,745.99 million in the corresponding period of last year.

High-tech Materials

	Six months ended 30 June		
	2012	2011	Change
	RMB million	RMB million	%
	(Unaudited)	(Unaudited)	
Turnover	**2,986.82**	3,091.40	(3.38)
Cost of sales	**2,380.68**	2,325.07	2.39
Gross profit	**606.14**	766.33	(20.90)
Selling and marketing expenses	**144.27**	142.10	1.53
Administrative expenses	**302.65**	256.07	18.19
Segment results	**294.82**	407.66	(27.68)

Turnover

Turnover of the high-tech materials segment for the six months ended 30 June 2012 was RMB2,986.82 million, representing a decrease of 3.38% as compared with RMB3,091.40 million in the corresponding period of last year. The decrease was mainly due to the slight decreases in sales volume and prices of glass fiber products, as well as the significant decreases in both sales volume and prices of solar-energy fused silica crucibles.

Cost of sales

Cost of sales of the high-tech materials segment for the six months ended 30 June 2012 was RMB2,380.68 million, representing an increase of 2.39% as compared with RMB2,325.07 million in the corresponding period of last year.

Gross profit and gross margin

Gross profit of the high-tech materials segment for the six months ended 30 June 2012 was RMB606.14 million, representing a decrease of 20.90% as compared with RMB766.33 million in the corresponding period of last year. Gross margin of the high-tech materials segment decreased by 4.50 percentage points from 24.79% in the corresponding period of last year to 20.29% for the six months ended 30 June 2012. The decrease was mainly due to a drop in prices of solar-energy fused silica crucibles and glass fiber products.

Selling and marketing expenses

Selling and marketing expenses of the high-tech materials segment for the six months ended 30 June 2012 was RMB144.27 million, representing an increase of 1.53% as compared with RMB142.10 million in the corresponding period of last year.

Administrative expenses

Administrative expenses of the high-tech materials segment for the six months ended 30 June 2012 was RMB302.65 million, representing an increase of 18.19% as compared with RMB256.07 million in the corresponding period of last year. The increase was mainly due to the increases in both labour cost and bad debt provision for accounts receivables.

Segment results

Based on the above, results of the high-tech materials segment for the six months ended 30 June 2012 was RMB294.82 million, representing a decrease of 27.68% as compared with RMB407.66 million in the corresponding period of last year.

Liquidity and Capital Resources

Cash flows:

	Six months ended 30 June	
	2012	2011
	RMB million	RMB million
	(Unaudited)	(Unaudited)
		(Restated)
Net cash used in operating activities	**(420.42)**	(1,472.60)
Net cash used in investing activities	**(2,111.42)**	(3,130.61)
Net cash from financing activities	**1,379.48**	3,394.57
Cash and cash equivalents at the end of the period	**9,039.89**	12,102.08

Net cash used in operating activities

Net cash used in operating activities decreased from RMB1,472.60 million in the corresponding period of last year to RMB420.42 million for the six months ended 30 June 2012. The decrease was mainly due to a significant increase in payments received in advance for the period.

Net cash used in investing activities

Net cash used in investing activities decreased from RMB3,130.61 million in the corresponding period of last year to RMB2,111.42 million for the six months ended 30 June 2012. The decrease was mainly due to the decrease in cash paid for the construction of production lines.

Net cash from financing activities

Net cash generated from financing activities decreased from RMB3,394.57 million in the corresponding period of last year to RMB1,379.48 million for the six months ended 30 June 2012, indicating a slower growth in financing scale.

Working Capital

As at 30 June 2012, the Group's cash and cash equivalents amounted to RMB9,039.89 million (31 December 2011: RMB10,205.17 million). The current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group as at 30 June 2012 was 93.07% (31 December 2011: 96.23%).

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 the bonds payable as shown in the consolidated statement of financial position) less restricted bank balances and bank balances and cash. As at 30 June 2012, the net debt ratio of the Group was 85.12% (31 December 2011: 78.93%).

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

Borrowings

As at 30 June 2012, the balance of the Group's borrowings amounted to RMB31,881.21 million.

	30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Unaudited) (Restated)
Short-term borrowings and long-term borrowings due within one year	**14,812.07**	13,610.40
Short-term financing bills	**400.00**	800.00
Long-term borrowings, net of portions due within one year	**9,826.22**	9,641.00
Corporate bonds	**2,489.03**	2,487.83
Medium-term notes	**4,353.89**	4,352.67
Total borrowings	**31,881.21**	30,891.90

Pledge of Assets

The Group's property, plant and equipment, and prepaid lease payments with carrying values of RMB2,902.22 million and RMB209.00 million as at 30 June 2012 were pledged as security respectively (31 December 2011: RMB2,529.50 million and RMB204.82 million respectively).

Contingent Liabilities

	30 June 2012 RMB million (Unaudited)	31 December 2011 RMB million (Audited)
Outstanding guarantees	**40.00**	60.00
Total	**40.00**	60.00

Material Investment

During the reporting period, the Group did not make any material investment or have any plans for material investments or purchase of capital assets.

Material Acquisitions and Disposals of Assets

During the reporting period, the Group did not have any material acquisition or disposal of assets.

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 rate risk and raw materials and energy price risk.

Contract Risks

The international business in the Company's cement equipment and engineering services segment takes a long construction period. Furthermore, in respect of the overseas contracts, 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 have the risks of being deferred, modified or terminated.

During the reporting period, the Company further enhanced the construction of contract risk assessment system, and carried out overall risk assessment on various aspects including the customers' qualifications, project execution risks and local environment, humanities and laws to determine risk ratings for the projects. Based on the results of risk assessment and risk ratings, the Company formulated relevant contract terms to avoid and mitigate project risks. Meanwhile, the Company also developed countermeasures and contingency plans to address such risks, so as to effectively improve the execution of the projects. Furthermore, the Company established project review and summary system to produce summary, analysis and assessment on various aspects such as contract performance, project earnings, progress control, cost control and statistics on the percent completion of the project, which provides reference for project quotation and management in the future. The Company also strengthened supervision over the sub-contractors and labor service teams and improved the entry and exit mechanism for the sub-contractors.

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. 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 assumes the risks arising from the fluctuations in the interest rate of the borrowings.

Raw Materials and Energy Price Risks

The Company mainly consumes raw materials and energy resources, such as steel, coal, electricity and natural gas, the price fluctuation of which has a significant impact on the cost effectiveness of the Company.

Other Information

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee has reviewed the Company's interim report. The Company's external auditor has reviewed the unaudited condensed consolidated financial information for the six months ended 30 June 2012.

SHARE CAPITAL

The share capital structure of the Company as at 30 June 2012 was set out as follows:

Class of Shares	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 Company has not proposed to declare or distribute any interim dividend for the six months ended 30 June 2012.

DISCLOSURE OF INTERESTS

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

As at 30 June 2012, Mr. ZHANG Hai, a non-executive Director of the Company, was interested in 42,000 shares of the Company. Save as disclosed above, no other Directors, Supervisors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 of the laws of Hong Kong), 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 are 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 kept under such provisions, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

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

As at 30 June 2012, to the best knowledge of the Directors, Supervisors and the chief executive of the Company, 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%
Lazard Asset Management LLC	H Shares	Long Position	128,799,964	11.06%	3.61%
The National Council for Social Security Fund	H Shares	Long Position	94,253,115	8.10%	2.64%
Allianz SE	H Shares	Long Position	70,412,000	6.05%	1.97%

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

Save as disclosed above, to the best knowledge of the Directors, Supervisors and the chief executive of the Company, as at 30 June 2012, there was no other person having interests and/or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

For the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities.

EMPLOYEES AND REMUNERATION POLICY

The Company adopts position-based remuneration system for its employees, and their remuneration is determined by reference to factors of importance of their positions, responsibilities and performance. As at 30 June 2012, the Group had 55,292 employees.

Other Information

MATERIAL LEGAL MATTERS

During the reporting period, there were no material legal affairs for the Company.

The Company continued to promote the construction of the all-round risk management and internal control systems in its headquarters and subsidiaries, so as to strengthen inspection and supervision within the Group. During the reporting period, five A share-listed subsidiaries of the Company have completed the construction of their all-round risk management and internal control systems, which have been put into operation, have prepared Assessment Report on Internal Control and carried out internal control audit. Meanwhile, other major subsidiaries pushed ahead the construction of their all-round risk management and internal control systems, so as to enhance daily management in risk recognition and assessment. The Company reinforced the seamless integration of risk management with daily operation management, significantly improved its capability in risk control.

SUBSEQUENT EVENT

On 3 July 2012, the Board approved the proposed issue of the short-term financing bonds with an amount not more than RMB4,000,000,000 to satisfy the operation needs of the Company and improve its financing channel as well as lower the financial cost. The proposed issue of short-term financing bonds shall be effective upon the approval of the shareholders of the Company and the registration by National Association of Financial Market Institutional Investors. For details please refer to the relevant announcements of the Company dated 3 July and 13 July 2012 respectively, and the relevant circular of the Company dated 10 August 2012.

During the reporting period, the Company established a standard and ideal corporate governance structure in strict compliance with laws and regulations including the PRC Company Law and Securities Law 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.

(1) IN COMPLIANCE WITH "CORPORATE GOVERNANCE CODE" AND "CORPORATE GOVERNANCE REPORT"

During the six months ended 30 June 2012, the Company has fully complied with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules, as well as the Code on Corporate Governance Practice which was invalid on 1 April 2012, without any deviation.

(2) IN COMPLIANCE WITH "MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES"

The Company has adopted a set of model code prepared in accordance with the Model Code as set out in Appendix 10 of the Listing Rules. The provisions of the model code currently adopted by the Company are no less exacting than the required standards set out in the Model Code. The Company, having made specific enquiries of all the Directors and Supervisors, confirms that the Directors and Supervisors have strictly complied with the Model Code for the six months ended 30 June 2012.

(3) AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee is responsible for proposing to the Board regarding the appointment, reappointment and removal of external independent auditor, as well as monitoring its work. The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely, Mr. LU Zhengfei (the chairman of the Audit Committee, with professional qualification and experience in finance), Mr. WANG Shimin and Mr. LIU Zhijiang respectively. On 22 August 2012, the Audit Committee reviewed the interim financial report of the Company for the six months ended 30 June 2012 and voted for the same.

(4) CONNECTED TRANSACTIONS MANAGEMENT

In order to standardise and strengthen the management of connected transactions, the Company has established the "China National Materials Company Limited Connected Transactions Management System". The securities department of the Board is responsible for the management of connected transactions. The Company has made sub-division as to the connected transaction caps that have already been disclosed, sub-divided each connected transaction to each subsidiary, and each subsidiary is responsible for the controlling of its sub-divided portion of connected transactions, in order to ensure that the Company's connected transactions are carried out based on rules and system, that is, the total amount of the transactions do not exceed the annual caps approved by the Board or the general meeting. Pursuant to the provisions of the relevant system of the Company, the Company is required to comply with the reporting, announcements and independent shareholders' approval procedures (if applicable) under the Listing Rules before making any proposed new connected transaction.

Unaudited Condensed Consolidated Income Statement

For the six months ended 30 June 2012

	Notes	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited) (Restated)
		Six months ended 30 June	
Turnover	4	**22,981,522**	22,322,815
Cost of sales		**(19,393,821)**	(17,248,203)
Gross profit		**3,587,701**	5,074,612
Interest income		**125,918**	103,064
Other gains		**335,995**	160,125
Selling and marketing expenses		**(669,613)**	(640,131)
Administrative expenses		**(1,654,481)**	(1,575,060)
Exchange loss		**(13,185)**	(24,154)
Other expenses		**(23,218)**	(54,188)
Finance costs	5	**(904,363)**	(691,652)
Share of results of associates		**8,985**	71,136
Profit before tax		**793,739**	2,423,752
Income tax expense	6	**(175,912)**	(479,294)
Profit for the period	7	**617,827**	1,944,458
Profit for the period attributable to:			
Owners of the Company		**181,984**	763,176
Non-controlling interests		**435,843**	1,181,282
		617,827	1,944,458
Earnings per share – basic and diluted (expressed in RMB per share)	9	**0.051**	0.214

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period	**617,827**	1,944,458
Other comprehensive (expenses) income		
Safety fund set aside	**9,020**	25,496
Exchange differences arising on translation	**(12,543)**	12,833
(Loss) gain on fair value changes of available-for-sale financial assets	**(412,199)**	1,557,700
Income tax relating to components of other comprehensive (expenses) income	**103,825**	(389,417)
Other comprehensive (expenses) income for the period (net of tax)	**(311,897)**	1,206,612
Total comprehensive income for the period	**305,930**	3,151,070
Total comprehensive income attributable to:		
Owners of the Company	**(128,911)**	1,956,233
Non-controlling interests	**434,841**	1,194,837
	305,930	3,151,070

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)	1 January 2011 RMB'000 (Unaudited) (Restated)
Non-current assets				
Property, plant and equipment	10	**37,140,345**	34,223,826	28,023,123
Prepaid lease payments	10	**3,216,216**	3,144,591	2,976,335
Investment properties	10	**180,327**	184,564	202,097
Intangible assets	10	**709,168**	531,809	619,620
Mining rights	10	**481,118**	477,166	440,015
Interests in associates		**1,275,795**	1,266,810	1,136,414
Available-for-sale financial assets		**1,933,483**	2,345,682	2,579,482
Deposits paid for acquisition of a subsidiary	11	**–**	101,400	–
Trade and other receivables	12	**16,939**	75,846	72,170
Other non-current assets		**215,681**	237,788	193,915
Deferred income tax assets		**623,476**	594,408	447,652
		45,792,548	43,183,890	36,690,823
Current assets				
Inventories		**7,323,157**	8,157,322	5,361,260
Trade and other receivables	12	**20,317,321**	15,688,583	10,443,336
Amounts due from customers for contract work		**428,263**	341,073	183,628
Prepaid lease payments	10	**82,674**	100,391	90,773
Derivative financial instruments		**587**	3,734	35,178
Other current assets		**11,494**	35,180	30,146
Restricted bank balances		**1,731,593**	1,919,043	1,257,740
Bank balances and cash		**9,033,634**	10,200,238	13,293,129
		38,928,723	36,445,564	30,695,190
Assets classified as held for sale		**119,240**	117,426	–
		39,047,963	36,562,990	30,695,190
Current liabilities				
Trade and other payables	13	**25,922,022**	22,747,130	20,824,908
Dividend payable		**209,572**	2,498	–
Amounts due to customers for contract work		**280,411**	131,295	440,889
Derivative financial instruments		**4,104**	138	–
Income tax liabilities		**233,302**	605,407	554,996
Short-term financing bills	14	**400,000**	800,000	400,000
Borrowings	15	**14,812,070**	13,610,404	8,178,189
Early retirement and supplemental benefit obligations	16	**22,869**	44,525	34,532
Provision		**57,781**	41,398	35,104
		41,942,131	37,982,795	30,468,618
Liabilities classified as held for sale		**14,038**	12,038	–
		41,956,169	37,994,833	30,468,618
Net current (liabilities) assets		**(2,908,206)**	(1,431,843)	226,572
Total assets less current liabilities		**42,884,342**	41,752,047	36,917,395

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)	1 January 2011 RMB'000 (Unaudited) (Restated)
Non-current liabilities				
Trade and other payables	13	**8,102**	4,120	1,197
Derivative financial instruments		**–**	775	3,415
Corporate bonds	18	**2,489,033**	2,487,829	2,485,545
Medium-term notes	19	**4,353,890**	4,352,670	1,700,000
Borrowings	15	**9,826,223**	9,641,003	10,543,743
Provisions		**26,913**	44,874	31,874
Deferred income		**433,564**	446,482	283,274
Early retirement and supplemental benefit obligations	16	**326,182**	301,494	317,908
Deferred income tax liabilities		**612,782**	689,741	749,569
		18,076,689	17,968,988	16,116,525
NET ASSETS		**24,807,653**	23,783,059	20,800,870
Capital and reserves				
Share capital	20	**3,571,464**	3,571,464	3,571,464
Reserves		**7,034,207**	7,406,541	6,364,768
Equity attributable to owners of the Company		**10,605,671**	10,978,005	9,936,232
Non-controlling interests		**14,201,982**	12,805,054	10,864,638
TOTAL EQUITY		**24,807,653**	23,783,059	20,800,870

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	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
Six months ended 30 June 2012 (Unaudited)												
At 1 January 2012, as originally stated	**3,571,464**	**3,273,160**	**(985,186)**	**75,828**	**86,666**	**(12,523)**	**1,255,685**	**(117,328)**	**3,677,103**	**10,824,869**	**12,805,054**	**23,629,923**
Effect of adopting merger accounting for common control combination	**–**	**–**	**108,262**	**–**	**–**	**–**	**–**	**45,500**	**(626)**	**153,136**	**–**	**153,136**
At 1 January 2012, as restated	**3,571,464**	**3,273,160**	**(876,924)**	**75,828**	**86,666**	**(12,523)**	**1,255,685**	**(71,828)**	**3,676,477**	**10,978,005**	**12,805,054**	**23,783,059**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**181,984**	**181,984**	**435,843**	**617,827**
Other comprehensive income (expenses) for the period	**–**	**–**	**–**	**–**	**7,315**	**(5,579)**	**(312,631)**	**–**	**–**	**(310,895)**	**(1,002)**	**(311,897)**
Total comprehensive income (expenses) for the period	**–**	**–**	**–**	**–**	**7,315**	**(5,579)**	**(312,631)**	**–**	**181,984**	**(128,911)**	**434,841**	**305,930**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(673,842)**	**(673,842)**
Contributions received from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,623,425**	**1,623,425**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**106,154**	**106,154**
Transactions with non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**168,913**	**–**	**168,913**	**(93,650)**	**75,263**
Dividend recognised as distribution	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(214,288)**	**(214,288)**	**–**	**(214,288)**
Merger reserves arising from common control combination	**–**	**–**	**(198,048)**	**–**	**–**	**–**	**–**	**–**	**–**	**(198,048)**	**–**	**(198,048)**
At 30 June 2012	**3,571,464**	**3,273,160**	**(1,074,972)**	**75,828**	**93,981**	**(18,102)**	**943,054**	**97,085**	**3,644,173**	**10,605,671**	**14,201,982**	**24,807,653**
Six months ended 30 June 2011 (Unaudited and restated)												
At 1 January 2011, as originally stated	3,571,464	3,273,160	(841,139)	52,693	70,623	274	1,390,727	(112,294)	2,382,530	9,788,038	10,864,638	20,652,676
Effect of adopting merger accounting for common control combination	–	–	105,327	–	–	–	–	45,500	(2,633)	148,194	–	148,194
At 1 January 2011, as restated	3,571,464	3,273,160	(735,812)	52,693	70,623	274	1,390,727	(66,794)	2,379,897	9,936,232	10,864,638	20,800,870
Profit for the period	–	–	–	–	–	–	–	–	763,176	763,176	1,181,282	1,944,458
Other comprehensive income for the period	–	–	–	–	15,765	8,040	1,169,252	–	–	1,193,057	13,555	1,206,612
Total comprehensive income for the period	–	–	–	–	15,765	8,040	1,169,252	–	763,176	1,956,233	1,194,837	3,151,070
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(441,448)	(441,448)
Contributions received from non-controlling interests	–	–	–	–	–	–	–	25,560	–	25,560	198,876	224,436
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	7,325	7,325
Capital reduction of a subsidiary	–	–	–	–	–	–	–	–	–	–	(7,932)	(7,932)
Transactions with non-controlling interests	–	–	–	–	–	–	–	(6,383)	–	(6,383)	6,383	–
Dividend recognised as distribution	–	–	–	–	–	–	–	–	(142,859)	(142,859)	–	(142,859)
Merger reserves arising from common control combination	–	–	(144,047)	–	–	–	–	–	–	(144,047)	–	(144,047)
Capital injections in subsidiaries acquired under common control	–	–	2,935	–	–	–	–	–	–	2,935	–	2,935
At 30 June 2011	3,571,464	3,273,160	(876,924)	52,693	86,388	8,314	2,559,979	(47,617)	3,000,214	11,627,671	11,822,679	23,450,350

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 arising from transactions with the non-controlling interests, deemed contributions from owners of the Company and government contributions.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Cash used in operating activities		
Cash generated from (used in) operations	**168,489**	(589,704)
Income tax paid	**(588,909)**	(882,893)
NET CASH USED IN OPERATING ACTIVITIES	**(420,420)**	(1,472,597)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,967,287)**	(2,677,831)
Purchase of prepaid lease payments	**(77,506)**	(123,266)
Purchase of intangible assets	**(47,998)**	(39,507)
Purchase of mining rights	**(42,227)**	(9,764)
Purchase of available-for-sale financial assets	**–**	(2,100)
Net cash (outflow) inflow arising on acquisition of subsidiaries	**(269,868)**	10,494
Proceeds from disposals of property, plant and equipment	**14,249**	88,832
Proceeds from disposal of prepaid lease payments	**45,423**	27,401
Proceeds from disposal of intangible assets	**9,138**	–
Proceeds from disposal of mining rights	**34,233**	4,813
Proceeds from disposal of available-for-sale financial assets	**–**	3,020
Net cash inflow arising on disposal of subsidiaries	**5,385**	–
Dividends received from available-for-sale financial assets	**–**	2,832
Dividends received from associates	**–**	6,948
Decrease (increase) in restricted bank balances	**187,450**	(327,567)
Interest received on bank deposits and loan receivables	**125,918**	103,064
Decrease (increase) in loan receivables	**69,717**	(53,929)
Payments for common control business combinations	**(198,048)**	(144,047)
NET CASH USED IN INVESTING ACTIVITIES	**(2,111,421)**	(3,130,607)

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Cash flows from financing activities		
Proceeds from new borrowings	**8,859,856**	8,832,259
Gross proceeds from issuance of medium-term notes	**–**	660,000
Gross proceeds from issuance of short-term financing bills	**–**	400,000
Repayment of short-term financing bills	**(400,000)**	(400,000)
Contributions received from non-controlling interests	**1,727,177**	224,436
Government grants received	**170,901**	125,573
Repayments of borrowings	**(7,540,800)**	(5,387,385)
Capital injections to a subsidiary under common control by former equity holder	**–**	2,935
Capital reduction of a subsidiary	**–**	(7,932)
Dividends paid to non-controlling interests	**(528,506)**	(398,381)
Dividends paid	**(7,214)**	(4,747)
Interest paid	**(901,938)**	(652,191)
NET CASH FROM FINANCING ACTIVITIES	**1,379,476**	3,394,567
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,152,365)**	(1,208,637)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**10,205,165**	13,293,129
Effect of foreign exchange rate changes	**(12,914)**	17,591
	9,039,886	12,102,083
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by:		
Bank balances and cash	**9,033,634**	12,102,083
Bank balances and cash included as assets classified as held for sale	**6,252**	–
	9,039,886	12,102,083

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2012

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 of the PRC as a successor of China National Non-Metallic Materials Corporation ("CNNMC"), a wholly-owned subsidiary of China National Materials Group Corporation Ltd. ("Sinoma Group"). The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong 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 unaudited condensed consolidated financial information 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.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Basis of preparation

The unaudited condensed consolidated financial information have been prepared on a going concern basis notwithstanding the Group had net current liabilities of approximately RMB2,908,206,000 as at 30 June 2012.

In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the twelve months from 30 June 2012 by taking into consideration the followings:

- On 14 August 2012, Ningxia Building Materials Group Co., Limited ("Ningxia Building Materials"), a non-wholly-owned subsidiary of the Company listed on the Shanghai Stock Exchange of the PRC issued five-year medium-term notes of face value at RMB900,000,000 in the Inter-bank bond market in the PRC. Details of which are set out in note 29(c); and

- At 30 June 2012, the Group has undrawn borrowings facilities available for immediate use and will not be expiring in the next twelve months from 30 June 2012 of approximately RMB8,757,367,000.

2. BASIS OF PREPARATION AND PRESENTATION (Continued)

2.1 Basis of preparation (Continued)

With the net proceeds from the issuance of medium-term notes and on the basis that the undrawn banking facilities will provide a cash inflow with a view to improve its working capital position, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 June 2012. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these unaudited condensed consolidated financial information on a going concern basis. The unaudited condensed consolidated financial information 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.

These unaudited condensed consolidated financial information have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs").

2.2 Adoption of merger accounting

As disclosed in note 23, several business combinations under common control were effected during the current period. The unaudited condensed consolidated financial information incorporates the financial information of the combining entities as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The unaudited condensed consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the unaudited condensed consolidated financial information are represented as if the entities had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter. The impact on the consolidated reserves of the Group arising from the common control combination is disclosed in note 23 of this unaudited condensed consolidated financial information.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial information have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies adopted in the preparation of the unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The application of the above amendments to HKFRSs in the current period has had no material effect on the amounts reported in these unaudited condensed consolidated financial information and/or disclosures set out in these unaudited condensed consolidated financial information.

4. 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.

Specifically, the Group's reportable segments under HKFRS 8 Operating Segments are as follow:

Cement equipment and engineering services	Provision of engineering equipment and engineering services for new dry process cement production lines, mining projects and equipment manufacturing
Cement	Production and sales of cement, clinker and 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, non-metal mineral fine processing and advance ceramics

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

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

Six months ended 30 June 2012

	Cement equipment and engineering services RMB'000 (Unaudited)	Cement RMB'000 (Unaudited)	High-tech materials RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
REVENUE					
External sales	**11,115,910**	**8,946,772**	**2,918,840**	**–**	**22,981,522**
Inter-segment sales	**1,339,611**	**13,028**	**67,984**	**(1,420,623)**	**–**
Total	**12,455,521**	**8,959,800**	**2,986,824**	**(1,420,623)**	**22,981,522**
Segment results	**659,815**	**756,634**	**294,825**	**(106,680)**	**1,604,594**
Unallocated operating income and expenses					**(41,395)**
Interest income					**125,918**
Finance costs					**(904,363)**
Share of results of associates					**8,985**
Profit before tax					**793,739**

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

Six months ended 30 June 2011

	Cement equipment and engineering services RMB'000 (Unaudited) (Restated)	Cement RMB'000 (Unaudited)	High-tech materials RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited) (Restated)
REVENUE					
External sales	10,496,942	8,740,281	3,085,592	–	22,322,815
Inter-segment sales	1,131,706	–	5,812	(1,137,518)	–
Total	11,628,648	8,740,281	3,091,404	(1,137,518)	22,322,815
Segment results	991,290	1,745,988	407,659	(178,035)	2,966,902
Unallocated operating income and expenses					(25,698)
Interest income					103,064
Finance costs					(691,652)
Share of results of associates					71,136
Profit before tax					2,423,752

Segment results represent the profit earned by each segment without allocation of directors' remuneration, interest income, certain other gains, finance costs, share of results of associates and other administrative expenses of head office. 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.

4. SEGMENT INFORMATION (Continued)

(b) Segment assets

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

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)	1 January 2011 RMB'000 (Unaudited) (Restated)
Cement equipment and engineering services	**16,964,462**	15,043,730	10,624,182
Cement	**40,988,445**	36,431,734	27,010,015
High-tech materials	**13,752,536**	12,795,539	11,529,081
Total segment assets	**71,705,443**	64,271,003	49,163,278
Eliminations	**(1,778,414)**	(1,305,547)	(728,008)
Unallocated assets	**14,913,482**	16,781,424	18,950,743
Consolidated assets	**84,840,511**	79,746,880	67,386,013

For the purpose of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than interests in associates, available-for-sale financial assets, deferred income tax assets, derivative financial instruments, restricted bank balances, bank balances and cash, assets classified as held for sale and certain unallocated head office assets.

4. SEGMENT INFORMATION (Continued)

(c) Other segment information

Six months ended 30 June 2012

	Cement equipment and engineering services RMB'000 (Unaudited)	Cement RMB'000 (Unaudited)	High-tech materials RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Amounts included in the measure of segment results:					
Depreciation	**125,870**	**872,192**	**274,794**	**187**	**1,273,043**
Amortisation	**6,456**	**47,969**	**13,698**	**12**	**68,135**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results:					
Share of results of associates	**4,844**	**5,934**	**(1,793)**	**–**	**8,985**

Six months ended 30 June 2011

	Cement equipment and engineering services RMB'000 (Unaudited) (Restated)	Cement RMB'000 (Unaudited)	High-tech materials RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited) (Restated)	Total RMB'000 (Unaudited) (Restated)
Amounts included in the measure of segment results:					
Depreciation	162,728	534,856	323,233	161	1,020,978
Amortisation	6,880	43,593	16,974	102	67,549
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results:					
Share of results of associates	10,884	60,171	81	–	71,136

5. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest expenses	**916,525**	702,882
Less: Amounts capitalised as construction-in-progress	**(12,643)**	(14,173)
	903,882	688,709
Net foreign exchange gains on bank borrowings	**(370)**	(2,470)
Discount charges on bank acceptance notes	**851**	5,413
Total finance costs	**904,363**	691,652

6. INCOME TAX EXPENSE

The Group has no operations in Hong Kong and is therefore not subject to the Hong Kong Profits Tax for both reporting periods.

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% (2011: 25%) on the assessable income of each of these companies during the period as determined in accordance with the relevant PRC income tax rules and regulations except that certain subsidiaries and jointly controlled entities which are exempted from tax or taxed at preferential rates of 15% (2011: 15%).

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

6. INCOME TAX EXPENSE (Continued)

The amount of income tax expense charged to the unaudited condensed consolidated income statement represents:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Current income tax:		
– PRC enterprise income tax	**209,872**	544,242
– Overseas taxation	**920**	6,795
– (Over) underprovision in previous years	**(160)**	(1,555)
	210,632	549,482
Deferred income tax	**(34,720)**	(70,188)
	175,912	479,294

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Depreciation and amortisation		
– property, plant and equipment	**1,268,806**	1,018,550
– prepaid lease payments	**36,057**	40,546
– investment properties	**4,237**	2,428
– intangible assets	**12,512**	20,062
– mining rights	**19,566**	6,941
Impairment loss recognised in respect of trade and other receivables	**73,548**	62,508
Impairment loss recognised in respect of property, plant and equipment	**11,941**	38,987
Impairment loss recognised in respect of intangible assets	**601**	–
Allowance for inventories (included in cost of sales)	**22,017**	16,955
Reversal of allowance for inventories (included in cost of sales)	**(23,283)**	–
Donations	**7,760**	2,800
Net gain on disposals of property, plant and equipment	**(3,516)**	(10,256)
Net gain arising from interest rate swap contracts	**3,246**	–
Dividend income from available-for-sale financial assets	**–**	(2,832)
Waiver of other payables	**(13,973)**	(1,012)
Government grants	**(208,304)**	(92,815)

8. DIVIDENDS

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
2011 final dividend of RMB0.06 per share recognised as distribution during the reporting period (2011: 2010 final dividend of RMB0.04 per share)	**214,288**	142,859

No interim dividend was paid, declared or proposed during the six months ended 30 June 2012, nor has any dividend been proposed since the end of the interim reporting period (2011: Nil).

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during each of the six months ended 30 June 2012 and 2011.

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period attributable to owners of the Company (RMB'000)	**181,984**	763,176
Weighted average number of ordinary shares in issue ('000)	**3,571,464**	3,571,464
Basic earnings per share (RMB)	**0.051**	0.214

(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 periods ended 30 June 2012 and 2011.

10. CAPITAL EXPENDITURE

The movements of property, plant and equipment, prepaid lease payments, investment properties, intangible assets and mining rights are as follows:

	Property, plant and equipment RMB'000	Prepaid lease payments RMB'000	Investment properties RMB'000	Intangible assets RMB'000	Mining rights RMB'000	Total RMB'000
Six months ended 30 June 2012 (Unaudited)						
Carrying values at 1 January 2012 (unaudited and restated)	**34,223,826**	**3,244,982**	**184,564**	**531,809**	**477,166**	**38,662,347**
Additions	**3,657,307**	**77,506**	**–**	**47,998**	**42,227**	**3,825,038**
Attributable to acquisition of subsidiaries	**572,206**	**57,882**	**–**	**151,612**	**15,524**	**797,224**
Disposals	**(10,733)**	**(45,423)**	**–**	**(9,138)**	**(34,233)**	**(99,527)**
Eliminated on disposal of a subsidiary	**(21,514)**	**–**	**–**	**–**	**–**	**(21,514)**
Depreciation and amortisation charged for the period	**(1,268,806)**	**(36,057)**	**(4,237)**	**(12,512)**	**(19,566)**	**(1,341,178)**
Impairment loss recognised in the unaudited condensed consolidated income statement	**(11,941)**	**–**	**–**	**(601)**	**–**	**(12,542)**
Carrying values at 30 June 2012	**37,140,345**	**3,298,890**	**180,327**	**709,168**	**481,118**	**41,809,848**
Six months ended 30 June 2011 (Unaudited and restated)						
Carrying values at 1 January 2011 (unaudited and restated)	28,023,123	3,067,108	202,097	619,620	440,015	32,351,963
Additions	4,639,231	123,266	–	39,507	9,764	4,811,768
Attributable to acquisition of a subsidiary	10,175	–	–	225	–	10,400
Disposals	(508,772)	(27,401)	–	–	(4,813)	(540,986)
Depreciation and amortisation charged for the period	(1,018,550)	(40,546)	(2,428)	(20,062)	(6,941)	(1,088,527)
Impairment loss recognised in the unaudited condensed consolidated income statement	(38,987)	–	–	–	–	(38,987)
Carrying values at 30 June 2011	31,106,220	3,122,427	199,669	639,290	438,025	35,505,631

11. DEPOSITS PAID FOR ACQUISITION OF A SUBSIDIARY

Balance as at 31 December 2011 of RMB101,400,000 represents a non-refundable deposit paid by Gansu Qilianshan Cement Group Co., Ltd. ("Qilianshan Co.") a non-wholly-owned subsidiary of the Company for the acquisition of 65% equity interests in Xiahe Anduo Cement Co. Ltd. ("Xiahe Anduo") pursuant to a framework agreement signed on 27 October 2011.

The acquisition on Xiahe Anduo has been completed on 1 March 2012. Details of the acquisition are set out in Note 22(a)(ii).

12. TRADE AND OTHER RECEIVABLES

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)	1 January 2011 RMB'000 (Unaudited) (Restated)
Trade receivables and retentions			
Trade and bills receivables	**11,126,740**	9,285,069	5,699,078
Retentions	**36,690**	122,691	97,893
	11,163,430	9,407,760	5,796,971
Less: Impairment loss recognised	**(814,770)**	(767,167)	(549,032)
Trade receivables and retentions, net	**10,348,660**	8,640,593	5,247,939
Loan receivables, prepayments, deposits, staff advances and other receivables			
Loan receivables	**32,482**	102,199	92,115
Prepayments to suppliers and subcontractors	**9,470,233**	6,024,215	4,360,839
Staff advances	**47,650**	76,969	115,141
Deposits	**131,265**	65,816	106,026
Other receivables	**476,784**	1,001,506	725,458
	10,158,414	7,270,705	5,399,579
Less: Impairment loss recognised	**(172,814)**	(146,869)	(132,012)
Loan receivables, prepayments, deposits, staff advances and other receivables, net	**9,985,600**	7,123,836	5,267,567
Total trade and other receivables	**20,334,260**	15,764,429	10,515,506
Less: Non-current portion			
Retentions	**(16,939)**	(75,846)	(72,170)
Current portion	**20,317,321**	15,688,583	10,443,336

Refer to note 28 for details of trade and other receivables from related parties.

12. TRADE AND OTHER RECEIVABLES (Continued)

Ageing analysis of the Group's trade receivables and retentions, net of impairment loss, presented based on the invoice date is as follows:

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)	1 January 2011 RMB'000 (Unaudited) (Restated)
Less than 6 months	**6,081,193**	7,022,603	4,153,626
6 months to 1 year	**2,898,985**	965,171	608,648
1 year to 2 years	**997,734**	469,503	298,711
2 years to 3 years	**319,320**	142,648	133,303
Over 3 years	**51,428**	40,668	53,651
	10,348,660	8,640,593	5,247,939

Settlements of trade receivables and retentions generated through engineering and construction services are 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. The Group does not hold any collateral over these balances.

13. TRADE AND OTHER PAYABLES

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)	1 January 2011 RMB'000 (Unaudited) (Restated)
Trade and bills payables	**12,865,273**	12,324,469	9,258,382
Deposits, advances, accruals and other payables			
Prepayments from customers	**10,147,846**	8,160,745	9,394,444
Accrued payroll and welfare	**217,993**	451,490	349,432
Accrued social security costs	**260,445**	284,750	247,610
Other taxes	**320,490**	325,815	270,661
Accrued expenses	**286,141**	277,967	221,180
Deposits payable	**258,062**	153,802	183,071
Dividends payable to non-controlling interests by subsidiaries	**261,315**	112,825	79,422
Other payables	**1,312,559**	659,387	821,903
	13,064,851	10,426,781	11,567,723
Total trade and other payables	**25,930,124**	22,751,250	20,826,105
Less: Non-current portion	**(8,102)**	(4,120)	(1,197)
Current portion	**25,922,022**	22,747,130	20,824,908

Refer to note 28 for details of trade and other payables to related parties.

13. TRADE AND OTHER PAYABLES (Continued)

Ageing analysis of trade and bills payables presented based on the invoice date is as follows:

	30 June 2012	31 December 2011	1 January 2011
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)	(Restated)
Within 6 months	**6,924,031**	8,071,656	4,852,409
6 months to 1 year	**4,218,684**	2,163,733	2,456,338
1 year to 2 years	**1,123,439**	1,703,385	1,634,339
2 years to 3 years	**364,980**	228,636	147,806
Over 3 years	**234,139**	157,059	167,490
	12,865,273	12,324,469	9,258,382

14. SHORT-TERM FINANCING BILLS

	30 June 2012	31 December 2011	1 January 2011
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Audited)
Short-term financing bills	**400,000**	800,000	400,000

On 25 March 2011, Qilianshan Co. issued one-year short-term financing bills of face value at RMB400,000,000 in the Inter-bank bond market in the PRC. The short-term financing bills bear a fixed interest rate of 5.10% per annum and the principal together with the interest thereon were repaid on maturity of the bills during the current reporting period.

On 14 November 2011, Xinjiang Tianshan Cement Co. Ltd., a non-wholly owned subsidiary of the Company issued one-year short-term financing bills of face value at RMB400,000,000 in the Inter-bank bond market in the PRC. The short-term financing bills bear a fixed interest rate of 6.86% per annum and the interest is payable on maturity of the bills.

15. BORROWINGS

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)	1 January 2011 RMB'000 (Unaudited) (Restated)
Non-current			
Long-term bank borrowings			
– Secured (Note a)	**1,095,689**	771,464	1,237,746
– Unsecured	**8,680,436**	8,824,460	9,262,561
	9,776,125	9,595,924	10,500,307
Other borrowings			
– Secured (Note a)	**–**	2,000	2,000
– Unsecured	**50,098**	43,079	41,436
	50,098	45,079	43,436
Total non-current borrowings	**9,826,223**	9,641,003	10,543,743
Current			
Current portion of long-term bank borrowings			
– Secured (Note a)	**107,732**	205,000	39,416
– Unsecured	**1,815,644**	1,085,100	696,504
	1,923,376	1,290,100	735,920
Short-term bank borrowings			
– Secured (Note a)	**838,830**	591,740	403,170
– Unsecured	**10,248,430**	8,952,449	6,019,975
	11,087,260	9,544,189	6,423,145
Other borrowings			
– Secured (Note a)	**–**	–	–
– Unsecured	**1,801,434**	2,776,115	1,019,124
	1,801,434	2,776,115	1,019,124
Total current borrowings	**14,812,070**	13,610,404	8,178,189
Total borrowings	**24,638,293**	23,251,407	18,721,932

15. BORROWINGS (Continued)

Notes:

(a) Secured borrowings of the Group are secured by the Group's property, plant and equipment and prepaid lease payments with carrying values of approximately RMB2,902,221,000 and RMB208,998,000 as at 30 June 2012 (31 December 2011: RMB2,529,504,000 and RMB204,815,000 and 1 January 2011: RMB2,444,338,000 and RMB253,235,000) respectively. As at 30 June 2012 and 31 December 2011, no secured borrowings of the Group was secured by the Group's investment properties (1 January 2011: approximately RMB54,340,000).

(b) The movements of borrowings are as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 January	**23,251,407**	18,721,932
Attributable to acquisition of subsidiaries	**87,000**	–
Amortisation of the difference between the initial amount and the maturity amount using the effective interest	**–**	1,880
Proceeds from new borrowings	**8,859,856**	8,832,259
Repayments of borrowings	**(7,540,800)**	(5,387,385)
Eliminated on disposal of a subsidiary	**(18,800)**	–
Net foreign exchange gains on borrowings	**(370)**	(2,470)
At 30 June	**24,638,293**	22,166,216

16. 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 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 the PRC who leave the Group after 31 December 2006.

The amounts of early retirement and supplemental benefit obligations recognised in the unaudited condensed consolidated statement of financial position are as follows:

	30 June 2012	31 December 2011	1 January 2011
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Audited)
Total liability in the unaudited condensed consolidated statement of financial position	**349,051**	346,019	352,440
Less: Current portion	**(22,869)**	(44,525)	(34,532)
	326,182	301,494	317,908

16. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

The movements of early retirement and supplemental benefit obligations are as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 January	**346,019**	352,440
Interest cost	**5,844**	6,819
Actuarial losses	**20,057**	31,575
Payments	**(22,869)**	(22,803)
At 30 June	**349,051**	368,031

17. 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 has been approved at the second extraordinary general shareholders meeting held on 22 October 2010. On 13 December 2010, 4,130,000 units of the share appreciation rights scheme were granted to sixteen senior officers, including five directors and eleven senior management members, at an exercise price of RMB5.17 per unit. On 22 December 2010, Mr. Zhou Yuxian, executive director, has resigned and his related right of 300,000 units of the share appreciation rights has been voided under the share appreciation right scheme. 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 that the exercise price of the share appreciation right shall not exceed 40% of the salaries level of those guarantees 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.

17. CASH-SETTLED SHARE-BASED PAYMENTS (Continued)

During the six months ended 30 June 2012, no share appreciation rights were granted, exercised or expired. As at 30 June 2012, the expiry date of the outstanding share appreciation rights is five years and five months.

For the six months ended 30 June 2012, the Group has reversed liabilities previously recognised and recorded income of approximately RMB100,000 (For the six months ended 30 June 2011: recorded liabilities and expenses of approximately RMB1,896,000) related to the share appreciation rights. The fair value of share appreciation rights is determined using the Black-Scholes pricing model with expected volatility of 50%, risk free rate of 2.91% and dividend yield of 1%. The share appreciation rights liability was recorded in accrued payroll and welfare in the trade and other payables and administrative expenses.

18. CORPORATE BONDS

	30 June 2012	31 December 2011	1 January 2011
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Audited)
Corporate bonds, at amortised cost	**2,489,033**	2,487,829	2,485,545

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 effective interest rate of the corporate bonds is 5.52% per annum.

19. MEDIUM-TERM NOTES

	30 June 2012	31 December 2011	1 January 2011
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Audited)
Medium-term notes, at amortised cost	**4,353,890**	4,352,670	1,700,000

19. MEDIUM-TERM NOTES (Continued)

The medium-term notes are denominated in RMB and the details are as follow:

Date of issue	Principal	Term	Contractual interest rate	Interest payment	Effective interest rate
	RMB'000				
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%

20. SHARE CAPITAL

	Non-listed domestic shares		Non-listed 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:								
At 1 January 2011, 30 June 2011, 31 December 2011, 1 January 2012 and 30 June 2012	2,276,523	2,276,523	130,793	130,793	1,164,148	1,164,148	3,571,464	3,571,464

21. CHANGES IN THE FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

The changes in the fair value of the Group's available-for-sale financial assets are mainly due to the depreciation of the relevant A shares held by the Group.

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS

(a) Business combinations for the period ended 30 June 2012

(i) Pingluo Golden Greatwall Concrete Co., Ltd. ("Pingluo Golden")

On 1 January 2012, the Group acquired 100% equity interests in Pingluo Golden from independent third parties for an aggregate cash consideration of approximately RMB56,305,000. Pingluo Golden is principally engaged in the production and sales of commercial concrete and was acquired so as to expand the production of commercial concrete of the Group. This acquisition has been accounted for using acquisition method.

Consideration transferred

	RMB'000
Cash	45,044
Other payables	11,261
	56,305

Acquisition-related costs were insignificant and have been excluded for the consideration transferred and have been recognised as an expense for the six months ended 30 June 2012, within the 'administrative expenses' in the unaudited condensed consolidated income statement.

Assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis) are as follows:

	RMB'000
Property, plant and equipment	71,492
Prepaid lease payment	4,958
Inventories	1,242
Trade and other receivables	6,620
Bank balances and cash	2
Income tax receivables	197
Trade and other payables	(28,550)
	55,961

The fair value of trade and other receivables at the date of acquisition amounted to RMB6,620,000 approximately. The gross contractual amounts of those trade and other receivables acquired amounted to RMB6,620,000 approximately at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(a) Business combinations for the period ended 30 June 2012 (Continued)

(i) Pingluo Golden Greatwall Concrete Co., Ltd. ("Pingluo Golden") (Continued)

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	56,305
Less: net assets acquired	(55,961)
Goodwill arising on acquisition	344

Goodwill arose in the acquisition of Pingluo Golden 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 Pingluo Golden. 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 outflow on acquisition of Pingluo Golden

	RMB'000
Cash consideration paid	(45,044)
Cash and cash equivalents acquired	2
	(45,042)

Impact of acquisition on the results of the Group

Included in the profit for the six months ended 30 June 2012 is RMB1,272,000 attributable to Pingluo Golden. Turnover for the six months ended 30 June 2012 includes RMB34,055,000 is attributable to Pingluo Golden.

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(a) Business combinations for the period ended 30 June 2012 (Continued)

(ii) Xiahe Anduo

On 1 March 2012, the Group acquired 65% equity interests in Xiahe Anduo from an independent third party for an aggregate cash consideration of approximately RMB334,925,000. Xiahe Anduo is principally engaged in the production and the selling of cement and was acquired so as to continue the expansion of the Group's cement operation. This acquisition has been accounted for using acquisition method.

Consideration transferred

	RMB'000
Cash	318,313
Other payables	16,612
	334,925

Acquisition-related costs were borne by the vendor and have been excluded from the consideration transferred.

Assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis) are as follows:

	RMB'000
Property, plant and equipment	448,178
Prepaid lease payment	40,027
Mining right	15,524
Inventories	57,099
Trade and other receivables	29,298
Bank balances and cash	22,090
Deferred income tax assets	1,733
Other current assets	45
Trade and other payables	(154,652)
Dividend payable	(50,757)
Income tax liabilities	(4,425)
Long-term borrowings	(80,000)
Non-current liabilities	(2,909)
Deferred income tax liabilities	(29,081)
	292,170

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(a) Business combinations for the period ended 30 June 2012 (Continued)

(ii) Xiahe Anduo (Continued)

The fair value of trade and other receivables at the date of acquisition amounted to RMB29,298,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB29,298,000 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	334,925
Plus: non-controlling interests (35% in Xiahe Anduo)	102,260
Less: net assets acquired	(292,170)
Goodwill arising on acqisition	145,015

The non-controlling interest in Xiahe Anduo recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Xiahe Anduo and amounted to RMB102,260,000.

Goodwill arose in the acquisition of Xiahe Anduo 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 Xiahe Anduo. 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 outflow on acquisition of Xiahe Anduo

	RMB'000
Cash consideration paid	(318,313)
Cash and cash equivalents acquired	22,090
	(296,223)
Deposit paid for acquisition in previous years	101,400
	(194,823)

Impact of acquisition on the results of the Group

Included in the profit for the six months ended 30 June 2012 is RMB4,830,000 attributable to Xiahe Anduo. Turnover for the six months ended 30 June 2012 includes RMB104,372,000 is attributable to Xiahe Anduo.

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(a) Business combinations for the period ended 30 June 2012 (Continued)

(ii) Xiahe Anduo (Continued)

Had the acquisition of Xiahe Anduo been effected at the beginning of the interim period, the total amount of turnover of the Group for the six months ended 30 June 2012 would have been RMB22,986,321,000, and the amount of the profit for the interim period would have been RMB612,865,000. 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 at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the 'pro-forma' turnover and profit of the Group had Xiahe Anduo been acquired at the beginning of the interim period, the directors calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

(iii) Xiahe Anshui Power Generation Co. Ltd. ("Xiahe Anshui")

On 1 March 2012, the Group acquired 65% equity interests in Xiahe Anshui from an independent third party for an aggregate cash consideration of approximately RMB5,800,000. Xiahe Anshui is principally engaged in the heat power generation. This acquisition has been accounted for using acquisition method.

Consideration transferred

	RMB'000
Cash	5,800

Acquisition-related costs were borne by the vendor and have been excluded from the consideration transferred.

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(a) Business combinations for the period ended 30 June 2012 (Continued)

(iii) Xiahe Anshui Power Generation Co. Ltd. ("Xiahe Anshui") (Continued)

Assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis) are as follows:

	RMB'000
Property, plant and equipment	20,784
Trade and other receivables	405
Deferred income tax assets	17
Bank balances and cash	5
Income tax receivables	106
Trade and other payables	(2,821)
Deferred income tax liabilities	(9,996)
	8,500

The fair value of trade and other receivables at the date of acquisition amounted to RMB405,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB405,000 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	5,800
Plus: non-controlling interests (35% in Xiahe Anshui)	2,975
Less: net assets acquired	(8,500)
Goodwill arising on acquisition	275

The non-controlling interest in Xiahe Anshui recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Xiahe Anshui and amounted to RMB2,975,000.

Goodwill arose in the acquisition of Xiahe Anshui 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 Xiahe Anshui. 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.

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(a) Business combinations for the period ended 30 June 2012 (Continued)

(iii) Xiahe Anshui Power Generation Co. Ltd. ("Xiahe Anshui") (Continued)

Net cash outflow on acquisition of Xiahe Anshui

	RMB'000
Cash consideration paid	(5,800)
Cash and cash equivalents acquired	5
	(5,795)

Impact of acquisition on the results of the Group

Included in the profit for the six months ended 30 June 2012 is loss amounted to RMB230,000 attributable to Xiahe Anshui. Xiahe Anshui does not contribute turnover to the Group for the six months ended 30 June 2012.

Had the acquisition of Xiahe Anshui been effected at the beginning of the interim period, the total amount of turnover of the Group for the six months ended 30 June 2012 would have been RMB22,981,522,000 that no turnover contribution from Xiahe Anshui, and the amount of the profit for the interim period would have been RMB617,598,000. 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 at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the 'pro-forma' turnover and profit of the Group had Xiahe Anshui been acquired at the beginning of the interim period, the directors calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(a) Business combinations for the period ended 30 June 2012 (Continued)

(iv) Sinoma Science & Technology (Jiujiang) Co., Ltd. ("Jiujiang Science")

On 31 May 2012, the Group acquired 100% equity interests in Jiujiang Science from independent third parties for an aggregate cash consideration of approximately RMB31,026,000. Jiujiang Science is principally engaged in the production and sales of industrial cylinders and was acquired so as to continue the expansion of the the production of high-pressure composite cylinders. This acquisition has been accounted for using acquisition method.

Consideration transferred

	RMB'000
Cash	24,800
Other payables	6,226
	31,026

Acquisition-related costs were insignificant and have been excluded for the consideration transferred and have been recognised as an expense for the six months ended 30 June 2012, within the 'administrative expenses' in the unaudited condensed consolidated income statement.

Assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis) are as follows:

	RMB'000
Property, plant and equipment	31,752
Prepaid lease payments	12,897
Inventories	18,300
Trade and other receivables	6,461
Bank balances and cash	592
Income tax receivables	442
Trade and other payables	(30,799)
Short term loan	(7,000)
Deferred income tax liabilities	(7,597)
	25,048

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(a) Business combinations for the period ended 30 June 2012 (Continued)

(iv) Sinoma Science & Technology (Jiujiang) Co., Ltd. ("Jiujiang Science") (Continued)

The fair value of trade and other receivables at the date of acquisition amounted to RMB6,461,000 approximately. The gross contractual amounts of those trade and other receivables acquired amounted to RMB6,461,000 approximately 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	31,026
Less: net assets acquired	(25,048)
Goodwill arising on acquisition	5,978

Goodwill arose in the acquisition of Jiujiang Science 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 Jiujiang Science. 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 outflow on acquisition of Jiujiang Science

	RMB'000
Cash consideration paid	(24,800)
Cash and cash equivalents acquired	592
	(24,208)

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(a) Business combinations for the period ended 30 June 2012 (Continued)

(iv) Sinoma Science & Technology (Jiujiang) Co., Ltd. ("Jiujiang Science") (Continued)

Impact of acquisition on the results of the Group

Included in the profit for the six months ended 30 June 2012 is loss amounted to RMB324,000 attributable to Jiujiang Science. Turnover for the six months ended 30 June 2012 includes RMB7,161,000 is attributable to Jiujiang Science.

Had the acquisition of Jiujiang Science been effected at the beginning of the interim period, the total amount of turnover of the Group for the six months ended 30 June 2012 would have been RMB23,002,703,000, and the amount of the profit for the interim period would have been RMB610,217,000. 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 at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the 'pro-forma' turnover and profit of the Group had Jiujiang Science been acquired at the beginning of the interim period, the directors calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

(b) Business combinations for the period ended 30 June 2011

(i) Shandong Shengxin Precious Metal Co., Ltd. ("Shandong Shengxin")

On 1 January 2011, the Group acquired 75% equity interests in Shandong Shengxin from certain independent third parties for an aggregate cash consideration of approximately RMB12,925,000. Shandong Shengxin is principally engaged in the production of glass fiber and was acquired with the objective of improving the supply of glass fiber. This acquisition has been accounted for using acquisition method.

Consideration transferred

	RMB'000
Cash	12,925

Acquisition-related costs were insignificant and have been excluded from the consideration transferred and have been recognised as expense for the six months ended 30 June 2011, within the "administrative expenses" in the unaudited condensed consolidated income statement.

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(b) Business combinations for the period ended 30 June 2011 (Continued)

(i) Shandong Shengxin Precious Metal Co., Ltd. ("Shandong Shengxin") (Continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Plant and equipment	10,175
Intangible assets	225
Inventories	2,124
Trade and other receivables	6,663
Bank balances and cash	23,419
Trade and other payables	(14,757)
Income tax liabilities	(6,911)
Deferred income	(590)
	20,348
Less: Non-controlling interests attributable to subsidiaries of Shandong Shengxin	(3,115)
	17,233

	RMB'000
Consideration transferred	12,925
Plus: non-controlling interests (25% in Shandong Shengxin)	4,308
Less: net assets acquired	(17,233)
	–

The fair value of trade and other receivables at the date of acquisition amounted to RMB6,663,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB6,663,000 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

The non-controlling interest in Shandong Shengxin recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Shandong Shengxin and amounted to RMB7,423,000.

22. BUSINESS COMBINATIONS OTHER THAN COMMON CONTROL COMBINATIONS (Continued)

(b) Business combinations for the period ended 30 June 2011 (Continued)

(i) Shandong Shengxin Precious Metal Co., Ltd. ("Shandong Shengxin") (Continued)

Net cash inflow on acquisition of Shandong Shengxin

	RMB'000
Cash consideration paid	(12,925)
Cash and cash equivalents acquired	23,419
	10,494

Impact of acquisition on the results of the Group

Included in the profit for the six months ended 30 June 2011 is RMB2,178,000 attributable to Shandong Shengxin. Turnover for the six months ended 30 June 2011 includes RMB8,303,000 is attributable to Shandong Shengxin.

23. BUSINESS COMBINATIONS UNDER COMMON CONTROL

The Group adopts merger accounting for common control combinations in respect of the following transactions.

i. On 28 February 2012, Sinoma International Engineering Co. Ltd. ("Sinoma International"), a non-wholly-owned subsidiary of the Company, entered into a share transfer agreement with Sinoma Group to acquire 100% equity interest of Nanijing Cement Industry Design & Research Institute Co., Ltd. ("Nanjing Cement Institute") at a consideration of approximately RMB125,569,800. The acquisition has been completed on 31 March 2012.

ii. On 28 February 2012, Sinoma (Suzhou) Construction Co., Ltd., a non-wholly-owned subsidiary of the Company, entered into a share transfer agreement with Sinoma Group to acquire 100% equity interest of Sinoma Asset Management (Suzhou) Company Limited ("Suzhou Assets Management") at a consideration of approximately RMB58,121,900. The acquisition has been completed on 31 March 2012.

iii. On 28 February 2012, CBMI Construction Co., Ltd., a non-wholly-owned subsidiary of the Company, entered into a share transfer agreement with Sinoma Group to acquire 100% equity interest of Tangshan Sinoma Property Management Company Limited ("Property Management") at a consideration of approximately RMB14,356,400. The acquisition has been completed on 31 March 2012.

The parent company of Nanjing Cement Institute, Suzhou Assets Management and Property Management (collectively named as the "Acquired Subsidiaries") is Sinoma Group and the aforesaid transactions are regarded as business combinations under common control.

23. BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

No significant adjustments were made to the net assets and net results of the above entities as a result of the common control combination to achieve consistency of accounting policies.

Statements of adjustments for business combinations under common control on the Group's financial position as at 30 June 2012, 31 December 2011 and 1 January 2011 and the results for the six months ended 30 June 2012 and 30 June 2011 are summarised as follows:

	The Group (excluding the Acquired Subsidiaries) RMB'000	Acquired Subsidiaries RMB'000	Adjustment (Note) RMB'000	The Group (including the Acquired Subsidiaries) RMB'000
Six months ended 30 June 2012				
Turnover	22,974,480	7,042	–	22,981,522
Profit before tax	796,840	(3,101)	–	793,739
Income tax expense	(175,872)	(40)	–	(175,912)
Profit for the period	620,968	(3,141)	–	617,827
As at 30 June 2012				
Non-current assets	45,847,317	143,279	(198,048)	45,792,548
Current assets	39,004,075	43,888	–	39,047,963
Total assets	84,851,392	187,167	(198,048)	84,840,511
Current liabilities	41,940,265	15,904	–	41,956,169
Non-current liabilities	18,058,589	18,100	–	18,076,689
Total liabilities	59,998,854	34,004	–	60,032,858
NET ASSETS	24,852,538	153,163	(198,048)	24,807,653
Capital and reserves				
Share capital	3,571,464	108,262	(108,262)	3,571,464
Reserves	7,079,092	44,901	(89,786)	7,034,207
Equity attributable to owners of the Company	10,650,556	153,163	(198,048)	10,605,671
Non-controlling interests	14,201,982	–	–	14,201,982
TOTAL EQUITY	24,852,538	153,163	(198,048)	24,807,653

23. BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

	The Group (excluding the Acquired Subsidiaries) RMB'000	Acquired Subsidiaries RMB'000	Adjustment (Note) RMB'000	The Group (including the Acquired Subsidiaries) RMB'000
Six months ended 30 June 2011				
Turnover	22,315,773	7,042	–	22,322,815
Profit before tax	2,426,481	(2,729)	–	2,423,752
Income tax expense	(479,254)	(40)	–	(479,294)
Profit for the period	1,947,227	(2,769)	–	1,944,458
As at 31 December 2011				
Non-current assets	43,042,374	141,516	–	43,183,890
Current assets	36,517,364	45,626	–	36,562,990
Total assets	79,559,738	187,142	–	79,746,880
Current liabilities	37,978,927	15,906	–	37,994,833
Non-current liabilities	17,950,888	18,100	–	17,968,988
Total liabilities	55,929,815	34,006	–	55,963,821
NET ASSETS	23,629,923	153,136	–	23,783,059
Capital and reserves				
Share capital	3,571,464	108,262	(108,262)	3,571,464
Reserves	7,253,405	44,874	108,262	7,406,541
Equity attributable to owners of the Company	10,824,869	153,136	–	10,978,005
Non-controlling interests	12,805,054	–	–	12,805,054
TOTAL EQUITY	23,629,923	153,136	–	23,783,059

23. BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

	The Group (excluding the Acquired Subsidiaries) RMB'000	Acquired Subsidiaries RMB'000	Adjustment (Note) RMB'000	The Group (including the Acquired Subsidiaries) RMB'000
As at 1 January 2011				
Non-current assets	36,553,005	137,818	–	36,690,823
Current assets	30,651,592	43,598	–	30,695,190
Total assets	67,204,597	181,416	–	67,386,013
Current liabilities	30,451,657	16,961	–	30,468,618
Non-current liabilities	16,100,264	16,261	–	16,116,525
Total liabilities	46,551,921	33,222	–	46,585,143
NET ASSETS	20,652,676	148,194	–	20,800,870
Capital and reserves				
Share capital	3,571,464	105,327	(105,327)	3,571,464
Reserves	6,216,574	42,867	105,327	6,364,768
Equity attributable to owners of the Company	9,788,038	148,194	–	9,936,232
Non-controlling interests	10,864,638	–	–	10,864,638
TOTAL EQUITY	20,652,676	148,194	–	20,800,870

Note:

The adjustment represents elimination of the share capital of the Acquired Subsidiaries against their investment costs. The differences have been recorded in capital reserve as at 30 June 2012, 31 December 2011 and 1 January 2011.

23. BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

The effects of adopting merger accounting for common control combination on the Group's basic earnings per share for the six months ended 30 June 2012 and 2011:

	Six months ended 30 June	
	2012	2011
	RMB	RMB
	(Unaudited)	(Unaudited)
		(Restated)
Reported figures before adjustments	**0.049**	0.214
Adjustments arising on common control combination	**0.002**	–
Restated figures after adjustments	**0.051**	0.214

24. DISPOSAL OF A SUBSIDIARY

On 31 May 2012, the Group disposed of its 60% equity interests, being the entire equity interest held by the Group, in Lanzhou Hongjian Commodity Concrete Co., Ltd. ("Lanzhou Hongjian") for a cash consideration of RMB30,000,000.

Consideration received	RMB'000
Cash	10,000
Other receivables	20,000
Total consideration received	30,000

24. DISPOSAL OF A SUBSIDIARY (Continued)

Analysis of assets and liabilities over which control was lost:

	31 May 2012 RMB'000
Property, plant and equipment	21,514
Deferred income tax assets	9,431
Inventories	3,688
Trade and other receivables	152,711
Bank balances and cash	4,615
Other current assets	3,351
Trade and other payables	(88,141)
Borrowings	(18,800)
Income tax liabilities	(19,951)
Net assets disposed of	68,418

Loss on disposal of a subsidiary:

	RMB'000
Consideration received	30,000
Net assets disposed of	(68,418)
Non-controlling interests	27,367
Loss on disposal of a subsidiary	(11,051)

Net cash inflow on disposal of Lanzhou Hongjian	RMB'000
Cash consideration received	10,000
Cash and cash equivalents disposed of	(4,615)
	5,385

The subsidiary disposed of during the six months period ended 30 June 2012 contributed approximately RMB47,913,000 to the Group's turnover and no significant impact on the results of the Group. The subsidiary also contributed approximately RMB6,884,000 to the Group's net operating cash flow and paid approximately RMB7,640,000 in respect of financing activities. The subsidiary had no contribution to the Group's cash flow from investing activities.

25. CONTINGENT LIABILITIES

	30 June 2012 **RMB'000** **(Unaudited)**	31 December 2011 RMB'000 (Audited)	1 January 2011 RMB'000 (Audited)
Outstanding guarantees	**40,000**	60,000	395,500

Note:

The Group has acted as the guarantors for various external borrowings made by other state-owned enterprises and certain independent third parties. Outstanding guarantees amounted to RMB40,000,000 (2011: RMB60,000,000) have been utilised by other state-owned enterprises and independent third parties at the end of the reporting period.

26. CAPITAL COMMITMENTS

	30 June 2012 **RMB'000** **(Unaudited)**	31 December 2011 RMB'000 (Audited)	1 January 2011 RMB'000 (Audited)
Capital expenditure authorised but not contracted for in respect of the acquisition of:			
– Property, plant and equipment	**–**	–	3,262
– Investment in a subsidiary	**–**	6,611	–
	–	6,611	3,262
Capital expenditure contracted for but not provided in the unaudited condensed consolidated financial statements in respect of the acquisition of:			
– Property, plant and equipment	**432,045**	793,442	1,100,167
– Prepaid lease payments	**–**	2,160	10,025
– Acquisition of a subsidiary	**–**	236,600	–
	432,045	1,032,202	1,110,192
	432,045	1,038,813	1,113,454

27. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) During the six months ended 30 June 2012, the Group has acquired 65% equity interests in Xiahe Anduo for a consideration of approximately RMB101,400,000 which had been paid in the year ended 31 December 2011 as a deposit.

(b) During the six months ended 30 June 2012, the Group has acquired property, plant and equipment amounting to approximately RMB953,560,000 which has been settled by bills receivables.

(c) During the six months ended 30 June 2012, the Group has acquired property, plant and equipment amounting to approximately RMB736,460,000 which were included in trade and other payables as at 30 June 2012.

(d) During the six months ended 30 June 2011, the Group has acquired property, plant and equipment amounting to approximately RMB1,961,400,000 which were included in trade and other payables as at 30 June 2011.

(e) During the six months ended 30 June 2011, the Group has disposed property, plant and equipment amounting to approximately RMB430,196,000 which were included in trade and other receivables as at 30 June 2011.

28. RELATED PARTY DISCLOSURES

Sinoma Group, the immediate parent of the Company, is owned and controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC Government. 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 stated-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government.

In addition to the related party information disclosed elsewhere in the unaudited condensed consolidated financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, excluding other state-owned enterprises, during the six months ended 30 June 2012 and 2011 and balances as at 30 June 2012, 31 December 2011 and 1 January 2011 with related parties.

The transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

28. RELATED PARTY DISCLOSURES (Continued)

(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 period ended 30 June 2012 and 2011. However, over 75% of the Group's interest expenses were incurred for borrowings from other state-owned enterprises.

(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 30 June 2012, 31 December 2011 and 1 January 2010. 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 30 June 2012, 31 December 2011 and 1 January 2011, less than 5% of the Group's borrowings were secured by the corporate guarantees executed by other state-owned enterprises and less than 5% of the outstanding guarantees provided by the Group were in favor of other state-owned enterprises.

28. RELATED PARTY DISCLOSURES (Continued)

(ii) Significant transactions and balances with related parties other than other state-owned enterprises

(a) The Group has the following significant transactions with related parties other than other state-owned enterprises:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Transactions with jointly controlled entities (after elimination of the Group's proportionate interest in those jointly controlled entities)		
Revenue		
– Sales of goods or provision of services	**14,023**	1,533
– Interest income	**569**	924
Expenses		
– Purchases of goods or services	**6,672**	6,910
Transactions with associates		
Revenue		
– Sales of goods or provision of services	**–**	465
Expenses		
– Purchases of goods or services	**7,856**	11,551
Transactions with non-controlling interests		
Revenue		
– Sales of goods or provision of services	**–**	75,524
Expenses		
– Purchases of goods or services	**965**	751
Transactions with joint venture partners of jointly controlled entities		
Revenue		
– Sales of goods or provision of services	**–**	26,046
Expenses		
– Purchases of goods or services	**–**	4,597

28. RELATED PARTY DISCLOSURES (Continued)

(ii) Significant transactions and balances with related parties other than other state-owned enterprises (Continued)

(b) Balances with related parties other than other state-owned enterprises

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)	1 January 2011 RMB'000 (Unaudited) (Restated)
Trade and other receivables			
Trade receivable due from			
– Jointly controlled entities	**20,748**	19,293	25,812
– Associates	**1,000**	–	–
– Non-controlling interests	**32**	14,048	15,879
– Joint venture partners of jointly controlled entities	**–**	6,970	6,447
– Less: Impairment loss recognised	**(8,017)**	(17,860)	(14,503)
	13,763	22,451	33,635
Other receivables due from			
– Jointly controlled entities	**30,201**	30,025	40,724
– Associates	**3,803**	–	–
– Non-controlling interests	**1,341**	31,008	22,301
– Less: Impairment loss recognised	**(929)**	(2,460)	(1,321)
	34,416	58,573	61,704
	48,179	81,024	95,339

28. RELATED PARTY DISCLOSURES (Continued)

(ii) Significant transactions and balances with related parties other than other state-owned enterprises (Continued)

(b) Balances with related parties other than other state-owned enterprises (Continued)

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)	1 January 2011 RMB'000 (Unaudited) (Restated)
Trade and other payables			
Trade payables due to			
– Jointly controlled entities	**18,922**	14,403	9,241
– Associates	**13,204**	5,488	15,682
– Non-controlling interests	**6,448**	4,392	5,262
– Joint venture partners of jointly controlled entities	**–**	5,817	4,563
	38,574	30,100	34,748
Other payables due to			
– Associates	**74**	–	–
– Non-controlling interests	**75**	73,872	65,795
	149	73,872	65,795
	38,723	103,972	100,543

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) Key management compensation

	Six months ended 30 June	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited) (Restated)
Short-term benefits	**4,445**	3,956
Post-employment benefits	**240**	218
	4,685	4,174

The remuneration of the key management is determined by the remuneration committee and having regard to the performance of individuals and market trends.

29. EVENTS AFTER THE REPORTING PERIOD

(a) On 25 June 2012, Sinomatech Wind Power Blade Co., Ltd., a non-wholly owned subsidiary of the Company, entered into a share transfer agreement with the owner of Tellhow Wind Power Blade Jiangsu Co., Ltd. ("Tellhow Wind Power") to acquire 100% equity interests of Tellhow Wind Power at a consideration of approximately RMB191,266,000. Tellhow Wind Power is principally engaged in production and sales of wind power blade. The acquisition has been completed on 13 July 2012 and the name of Tellhow Wind Power has been changed to Sinomatech (Funing) Wind Power Blade Co., Ltd. upon the completion of the acquisition.

(b) On 7 July 2012, Ningxia Saima Concrete Co., Ltd., a non-wholly-owned subsidiary of the Company, entered into a share transfer agreement with the owners of Ningxia Yuhao Concrete Co., Ltd. ("Ningxia Yuhao") to acquire 100% equity interests of Ningxia Yuhao at a consideration of approximately RMB11,436,000. Ningxia Yuhao is principally engaged in concrete production. The acquisition has been completed on 6 August 2012.

(c) On 14 August 2012, Ningxia Building Materials, a non-wholly-owned subsidiary of the Company, issued five-year medium-term notes of face value at RMB900,000,000 in the Inter-bank bond market in the PRC. The medium-term notes bear a fixed interest rate of 5.61% per annum and the interest is paid annually.

The proceeds of the medium-term notes were received on 15 August 2012.

Details of the issuance of the medium-term notes were set out in the Ningxia Building's announcement dated 15 August 2012.

30. COMPARATIVES

Certain comparative figures have been restated to reflect the adoption of merger accounting and conform with the current period's presentation.

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
"Board"	the board of Directors of the Company
"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
"Company Law"	the Company Law of the People's Republic of China
"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 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 Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Shares"	overseas listed foreign shares of RMB1.00 each in the ordinary share capital of the Company, which are subscribed for in HK 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 Hong Kong Stock Exchange
"Main Board"	the main board of the Hong Kong Stock Exchange

"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 purposes of this interim report only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"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
"Securities Law"	the Securities Law of the People's Republic of China
"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 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
"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

Definitions

"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