中國旭光高新材料集團有限公司

China Lumena New Materials Corp.

(Incorporated in the Cayman Islands with limited liability)

Stock code : 67

Interim Report 2013

CONTENTS

CORPORATE INFORMATION

Directors

Executive Directors

Mr. Zhang Zhigang *(Chairman)*
Mr. Zhang Daming
Mr. Yu Man Chiu Rudolf
(resigned with effect from
28 June 2013)
Mr. Gou Xingwu
Mr. Tan Jianyong

Independent Non-executive Directors

Mr. Koh Tiong Lu, John
Mr. Wong Chun Keung
Mr. Xia Lichuan

Company Secretary

Mr. Wong Kui Tong

Members of the Audit Committee

Mr. Koh Tiong Lu, John *(Chairman)*
Mr. Wong Chun Keung
Mr. Xia Lichuan

Members of the Remuneration Committee

Mr. Xia Lichuan *(Chairman)*
Mr. Wong Chun Keung
Mr. Zhang Zhigang

Members of the Nomination Committee

Mr. Wong Chun Keung *(Chairman)*
Mr. Koh Tiong Lu, John
Mr. Tan Jianyong

Legal Advisers

as to Hong Kong law:
Li & Partners

Independent Auditor

BDO Limited
Certified Public Accountants

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road, Hong Kong
Agricultural Bank of China
1 Kehua Street, Kehua Bei Road
Chengdu, PRC
China Merchants Bank
91–95 Kehua Bei Road,
Chengdu, PRC
Industrial and Commercial Bank of China Limited
81 Sansu Road, Meishan City, PRC

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350,
Grand Cayman KY1-1108,
Cayman Islands

Registered Office

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

Offices Nos. 6810–6811
68th Floor
The Center
99 Queen's Road Central
Hong Kong
(moved from Units 7503B, 7504 and 7505 on Level 75 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong with effect from 31 August 2013)

Stock Code

67

Website

www.lumena.hk

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "Board") of directors (the "Directors" and each a "Director") of China Lumena New Materials Corp. (the "Company", together with its subsidiaries, the "Group") hereby presents the unaudited consolidated results of the Group for the six months ended 30 June 2013, along with the unaudited comparative figures and selected explanatory notes, which were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board, and which have been reviewed by the audit committee (the "Audit Committee") of the Company.

After the acquisition of Sino Polymer New Materials Co., Ltd. in January 2011, the Group expanded its business to the production and sale of the new materials polyphenylene sulfide ("PPS"). Within two short years after the acquisition, the Group transformed itself into a refined and high-end chemical enterprise focusing on the operation of the new materials business particularly PPS products. According to the latest market research report (the "Report") issued by an independent research institute IHS Global, Inc. ("IHS Chemical", previously known as SRI Consulting), the Group is the world's largest PPS resin producer and supplier that focuses on the production of PPS, and has a leading position in the industry. PPS has now become a core business of the Group, as well as a major growth accelerator of the Group in the future.

Financial Review

For the six months ended 30 June 2013, our revenue amounted to approximately RMB2,340.4 million (six months ended 30 June 2012: RMB2,203.1 million), representing an increase of approximately 6.2% as compared to the same period last year. PPS and thenardite products contributed approximately RMB1,447.1 million and RMB893.3 million of revenue to the Group, respectively, or 62% and 38% of the total revenue, respectively. During the reporting period, our gross profit amounted to approximately RMB1,423.6 million (six months ended 30 June 2012: RMB1,307.0 million), representing an increase of 8.9% over the same period last year. PPS and thenardite products contributed a gross profit of approximately RMB832.4 million and RMB591.2 million, respectively. Our overall gross profit margin increased by 1.5 percentage points to 60.8% (six months ended 30 June 2012: 59.3%). The increase in our revenue and gross profit was due to the stable growth of the PPS and medical thenardite businesses. The Group benefited from its leading position in the PPS industry of the People's Republic of China (the "PRC"), and the state policy support for the PPS industry from the "Twelfth Five-Year Plan". The state policy in promoting environmental protection has vigorously enhanced the growth of the Group's PPS business, and the PPS business has become the cornerstone of the Group.

Profit for the Period Attributable to Owners of the Company

For the six months ended 30 June 2013, our profit for the period attributable to owners of the Company amounted to approximately RMB837.7 million (six months ended 30 June 2012: RMB820.1 million), representing an increase of approximately 2.1% as compared to the same period in the previous year. The increase in our profit for the period attributable to owners of the Company benefited from the stable growth of our PPS and medical thenardite businesses as well as the reduction in overall finance costs.

Earnings per Share

For the six months ended 30 June 2013, basic earnings per share were RMB14.97 cents (six months ended 30 June 2012: RMB14.66 cents).

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2013. However, the Company intends to maintain its current dividend policy in distributing around 25% of the net profit attributable to the shareholders of the Company for the full financial year of 2013, which is in line with the Company's dividend policy of a payout ratio of around 25% since 2010.

Liquidity and Financial Resources

Borrowings

Our bank and other borrowings and convertible bonds amounted to approximately RMB4,239.8 million and RMB921.0 million respectively for the six months ended 30 June 2013. Our bank borrowings include secured and unsecured bank loans. Details of interest rate structure and maturity profile of the bank and other borrowings and convertible bonds are set out in notes 19 and 20 respectively to the condensed consolidated interim financial statements. In November 2012, the Company redeemed all outstanding US$250 million 12% senior notes which were then fully cancelled and delisted from the official list of the Singapore Exchange Securities Trading Limited.

Leverage

The gearing ratio (defined as consolidated total debts divided by consolidated total assets) as at 30 June 2013 was 23.4% (31 December 2012: 23.1%) and the net gearing ratio (defined as consolidated net debts divided by consolidated total assets) as at 30 June 2013 was 4.9% (31 December 2012: 7.4%).

Pledge of Assets

As at 30 June 2013, the Group's assets in the forms of property, plant and equipment, land use rights, mining rights and deposits which were pledged to financial institutions for credit facilities granted to the Group amounted to approximately RMB868.6 million (31 December 2012: RMB837.9 million).

Contingent Liabilities

As at 30 June 2013, we did not have any material contingent liabilities (31 December 2012: Nil).

Foreign Currency Exposure

During the reporting period, we did not use any foreign currency derivative product to hedge our exposure to currency risk. However, the management managed and monitored our foreign currency exposure to ensure that appropriate measures were implemented on a timely and effective manner.

Market Review

The overall economy remained sluggish both at home and abroad in the first half of 2013. As major economies such as the United States and Japan remained fragile, the European debt crisis deteriorated and the economies of the BRIC countries (Brazil, Russia, India and the PRC) lacked growth momentum, the global economic climate remained overcast. Affected by the global financial environment, the economy of the PRC also faced with the challenge of slower growth. According to the statistics from the National Bureau of Statistics of China, the economic growth of the PRC slowed down to 7.5% in the second quarter of 2013, representing the fifth quarter with less than 8% growth. Looking ahead, downward pressure remains heavy for the second half of 2013. In addition, domestic economic environment remained challengeable as the PRC's economic restructuring is still in the preliminary stage. Facing the challenges brought on by the slowing economy in the PRC and the fluctuating global economy, the Group actively expanded its production capacity and optimized product portfolio to maintain and sustain the continued business development of the Group.

PPS Segment

PPS is a synthetic material that is insulative, environmental friendly and resistant to high-temperature and corrosion. It is one of the engineered plastics with the best resistance to high-temperature, and can remain perfectly insulative even under extremely hot and wet environment.

PPS is mainly used in electrical and electronic, automotive, industrial, aeronautics and astronautics applications as well as environmental protection and emissions reduction. According to the Report issued by IHS Chemical, total demand for PPS worldwide is expected to sustain growth in the next five years, and the total demand in the PRC will grow by approximately 13% annually. There is a continuous undersupply of PPS. As the range of PPS applications have been expanding continuously, there will be a continuous growth in the demand of PPS in the PRC.

Actively encouraged and supported by the PRC government's industrial policies, PPS has been enlisted in the "Twelfth Five-Year Plan of the New Materials Industries" and has continuously received nurture and support from the PRC government. In 2013, official documents supporting the development of the new materials industry were released one after another, which were favorable to the long-term development of the PPS industry. The National Development and Reform Commission issued "Guiding Catalogue on Strategic Emerging Industrial Key Products and Services" (《戰略性新興產業重點產品和服務指導目錄》) on 7 March 2013 to implement the "Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries" (《國務院關於加快培育和發展戰略性新興產業的決定》), among which PPS resin, PPS fibre and PPS filter cloth have been recognized as one of the key products in the new materials and environmental protection industries. In addition, the Ministry of Industry and Information Technology issued the "Three-year Implementation Plan for the Standardization of the New Materials Industry" (《新材料產業標準化工作三年行動計劃》) in July 2013, according to which two hundred major standard formulation and revision procedures will be completed, three hundred new materials standard development procedures will be commenced, fifty major standard pre-studies will be conducted, with the aim of covering all the four hundred major new materials products set out in the "Twelfth Five-Year Plan" by 2015. Such measures have driven progress in the pragmatic global standardization of new materials, which is beneficial to the healthy development of the PPS industry in the future.

In recent years, undertakings in improving environmental protection has become an inevitable trend in the PRC, and the relevant environmental protection policies have greatly enhanced the development of PPS products. As early as in 2011, the PRC government has promulgated the "Emission Standards of Air Pollutants for Thermal Power Plants (GB 13223-2011)" (《火電廠大氣污染物排放標準(GB 13223-2011)》), and new environmental protection standards were required to be adopted for thermal power plants. Under these standards, the emission limit on particulates of newly built thermal power plants has been reduced from the original limit of 50 mg/m^3 to 30 mg/m^3, and existing coal-fired power plants are required to meet the new limit by July 2014.

PPS fibre is currently the most cost-effective material for producing filter bags, which has an average lifespan of 3 years and is more durable than other similar types of materials, and can be used as environmental filters and filter bags for thermal power plants, cement plants and waste incineration plants due to its outstanding overall performance including being high-temperature and corrosion resistant.

According to the announcement issued by the Ministry of Environmental Protection on 6 March 2013, the Ministry will implement special emission limits of air pollutants for the thermal power, iron and steel, petrochemical, cement, non-ferrous metal and chemical industries and coal-fired boiler projects in key control regions covering 47 cities that are prefecture-level or above across 19 provinces, autonomous regions and municipalities. In May 2013, the State Council promulgated the "Opinions on Deepening Key Work about Economic System Reform in 2013" (《關於2013年深化經濟體制改革重點工作的意見》), highlighting the importance of "formulating comprehensive policy measures on the prevention and treatment of air, water and countryside (soil) pollution". Executive meetings of the State Council also issued ten measures concerning prevention and treatment of air pollution in June 2013, including measures such as comprehensive removal of small coal-fired boiler, acceleration of the dust-removal reform of key industries, implementation of clean production and achieving 30% reduction of major air pollutant emission in key industries by the end of 2017. As the PRC is determined to develop the energy conservation and environmental protection industry and to raise the dust emission standard of the PRC, the sale of the PPS fibre is expected to benefit from such policies.

Thenardite Segment

Thenardite is an important raw material for the chemicals industry and other light industries, mainly used in the manufacture of detergent, textile dyeing, glass, paper, pharmaceuticals and other products. In the first half of 2013, the domestic thenardite production cost continued to increase. The selling price and sales volume of industrial-grade thenardite were under pressure as new competitors entered into the industrial-grade thenardite market, and the slowing domestic economy affected the performance of the thenardite market.

Business Review

PPS Business

As the largest PPS resin producer in the world, the Group mainly produces and sells PPS resin, PPS compounds and PPS fibre. PPS is widely used in industries such as electrical and electronic, automotive, railway transportation, environmental protection and emissions reduction, aeronautics and astronautics, and coatings application. It has been listed as one of the key new materials in the "Twelfth Five-Year Plan" of the PRC. Currently, we produce four grades of PPS resin (namely injection-moulding-grade, coating-grade, fibre-grade and film-grade).

Injection-moulding-grade PPS resin is used to produce PPS compounds, which are primarily used to replace metals and other materials in a number of applications. Coating-grade PPS resin is primarily used to coat metal components and equipment to resist corrosion. Fibre-grade PPS resin is primarily used to make staple PPS fibre and filament PPS fibre which are primarily used to produce PPS filter cloth, and customers apply such cloth to produce filter bags to control smokestack emissions from coal-fired power plants, thermal plants and incinerators. Film-grade PPS resin is primarily applied in the production of photovoltaic cells. Due to the significant depreciation of the Japanese Yen, the price of individual PPS product of the Group was under certain pressure. However, by combining our abundant experience in the industry with the support of national policies, the Group is optimistic about the future of PPS.

The Report issued by IHS Chemical points out that PPS demand in the PRC will continue to increase in the coming five years and the current total domestic production capacity of PPS is not able to meet its domestic demand. As such, the Group focuses on increasing the production capacity of the PPS production lines. As the market is raising the standard of the PPS products, the technological requirement for the production lines is rising and the government is legislating more stringent rules on the industrial and environmental protection industry, the Group has been actively adjusting the technical parameters of new techniques and equipment to satisfy the demands of all relevant parties. The newly built PPS resin production line with a production capacity of 25,000 tonnes per annum ("tpa") and the PPS fibre production line with a production capacity of 15,000 tpa will be completed and put into trial production in the fourth quarter of the year. It is expected that upon commencement of production of the new production lines, the Group's PPS resin production capacity can be raised to 55,000 tpa while PPS fibre production capacity can be increased to 20,000 tpa. By then, not only we will be able to satisfy the strong demand of PPS in the PRC and other regions, but also enrich and diversify the Group's product portfolio, expand our market share and further strengthen our leading position in the industry.

Thenardite Business

The Group is the only producer in the PRC possessing the GMP certificate and the National Pharmaceutical Production Permit for medical thenardite. The Group has been actively developing the medical thenardite market and has achieved stable development during the reporting period. Currently, medical thenardite can be found in clinical applications and in the production of Chinese medicine. The Group has been committed to the research and development of high value-added clinical medical thenardite. The success experienced in the development and sale of compound of glauber-salt and liquorice and clinical medical thenardite has contributed to the profits of the Group.

As competition intensified during the reporting period, the selling price and sales volume of industrial-grade thenardite were under pressure. Therefore, the Group is actively adjusting product portfolio to increase the proportion of revenue contributed by medical thenardite and our effort in the development and promotion of medical thenardite products.

Products

PPS Products

As the world's largest PPS resin producer in terms of production capacity, we produce PPS products such as PPS compounds, PPS fibre and PPS resin. Our PPS products are sold under the brand name "Haton" and the trademark "Deyang". The Group's PPS products have been recognised in the 10th biennial "Sichuan Famous Branded Products" award, which provides quality assurance on our PPS products.

PPS Compounds

For the six months ended 30 June 2013, we sold approximately 14,374 tonnes of PPS compounds and our revenue derived from the sales of PPS compounds amounted to RMB975.9 million (six months ended 30 June 2012: RMB983.8 million), representing 67.4% (six months ended 30 June 2012: 69.2%) of total revenue from the sales of PPS products.

PPS Fibre

For the six months ended 30 June 2013, we sold approximately 2,293 tonnes of PPS fibre and our revenue derived from the sales of PPS fibre amounted to RMB209.6 million (six months ended 30 June 2012: RMB220.0 million), representing 14.5% (six months ended 30 June 2012: 15.5%) of total revenue from the sales of PPS products.

PPS Resin

For the six months ended 30 June 2013, we sold approximately 4,129 tonnes of PPS resin and our revenue derived from the sales of PPS resin amounted to RMB261.6 million (six months ended 30 June 2012: RMB218.0 million), representing 18.1% (six months ended 30 June 2012: 15.3%) of total revenue from the sales of PPS products.

Thenardite Products

We produce medical thenardite and industrial-grade thenardite. As a leading thenardite producer in the PRC, we enjoy a strong brand and product recognition amongst downstream industries in the PRC.

Medical Thenardite

For the six months ended 30 June 2013, we sold approximately 163,402 tonnes of medical thenardite and our revenue derived from the sales of medical thenardite amounted to RMB575.5 million (six months ended 30 June 2012: RMB434.0 million), representing 64.4% (six months ended 30 June 2012: 55.6%) of total revenue from the sales of thenardite products.

Industrial-grade Thenardite

For the six months ended 30 June 2013, we sold approximately 700,471 tonnes of industrial-grade thenardite and our revenue derived from the sales of industrial-grade thenardite amounted to RMB317.8 million (six months ended 30 June 2012: RMB347.3 million), representing 35.6% (six months ended 30 June 2012: 44.4%) of total revenue from the sales of thenardite products.

Operation Review

PPS Production

The Group has been improving its PPS production capacity and fully utilising its existing production lines to increase product supplies, so as to meet the strong demand for PPS from the domestic market. For the six months ended 30 June 2013, the Group produced an aggregate of approximately 14,457 tonnes of neat PPS resin, 14,496 tonnes of PPS compounds and 2,299 tonnes of PPS fibre. For the six months ended 30 June 2013, the Group had a combined PPS resin production capacity of 30,000 tpa (on neat resin basis), PPS compounds production capacity of 30,000 tpa and PPS fibre production capacity of 5,000 tpa.

Our PPS manufacturing bases are respectively located in Deyang City and Shuangliu County, Sichuan Province. For the plant based in Deyang City, there are currently two PPS resin production lines with a combined production capacity of 24,000 tpa (on neat resin basis) and a PPS fibre production line with a production capacity of 5,000 tpa. As for the plant based in Shuangliu County, the production capacities of its PPS resin production line and PPS compounds production line are 6,000 tpa (on neat resin basis) and 30,000 tpa, respectively. Besides, two new production lines of the Group will be completed and put into trial production in the fourth quarter of the year. It is expected that upon commencement of production of the new production lines, the Group's PPS resin production capacity can be raised to 55,000 tpa while PPS fibre production capacity can be increased to 20,000 tpa, which will help to satisfy the increasing demand for PPS in the PRC and other regions.

Thenardite Production

The Group currently has a total thenardite production capacity of 2.20 million tpa, and operates four captive underground glauberite mines in Sichuan Province, where medical thenardite and industrial-grade thenardite are produced respectively.

Among these mining areas, the Muma Mining Area (possessing medical thenardite production facility with production capacity of 200,000 tpa) produced an aggregate of approximately 117,287 tonnes of medical thenardite for the six months ended 30 June 2013; the Guangji Mining Area (possessing industrial-grade thenardite production facility with a production capacity of 1,100,000 tpa) produced an aggregate of approximately 486,357 tonnes of industrial-grade thenardite for the six months ended 30 June 2013; the Yuegou Mining Area (possessing animal feed grade thenardite production facility with a production capacity of 300,000 tpa) produced an aggregate of approximately 138,222 tonnes of animal feed grade thenardite for the six months ended 30 June 2013; and the Dahongshan Mining Area (possessing thenardite exploration and production facility with a production capacity of 600,000 tpa, of which 80% to 85% was allocated to industrial-grade thenardite production and 15% to 20% was allocated to medical thenardite production) produced an aggregate of approximately 155,916 tonnes of thenardite for the six months ended 30 June 2013.

Future Plans

Looking forward, as the country implements various measures favorable to the new materials industry including actively developing strategic new industries and promoting the environmental protection industry, the Group is expected to benefit from relevant state policies as a leading enterprise in the new materials industry. As the downward pressure of the PRC's economy maintains for the second half of the year, the Group will continue to adjust strategies based on market changes, seek changes among stable development and develop the PPS and medical thenardite business to consolidate our leading position in the industry.

Expanding PPS Business to Meet Strong Domestic Demand

The Group is the largest PPS resin producer in the world in terms of production capacity, the only company in the PRC with a production capacity surpassing 1,000 tpa, and one of the only two enterprises in the world that produce PPS through vertical integration. PPS was enlisted in Section Four of "Guide on Current High-tech Industrialization Priority Areas 2011" (《當前優先發展的高新技術產業化重點領域指南》) and the "Twelfth Five-year Plan of the New Materials Industry" of the PRC, and enlisted by the Ministry of Industry and Information Technology as "Major Products of the Twelfth Five-year Plan of the New Materials Industry". With the active support for PPS from the PRC industry policies, we anticipate that the prospect of the Group's PPS business is promising.

The Report issued by IHS Chemical indicates that PPS is currently in short supply in the market, and the domestic demand for PPS resin will continue to increase in the coming five years, and the biggest PPS demand will be from the production of filter bags.

The air pollution of the PRC has deteriorated in recent years. With the outbreak of the large-scale hazy weather in the beginning of this year, more than a quarter of the PRC territory was polluted and almost 600 million people were affected. The treatment of air pollution cannot be tolerated further delay, and the treatment of industrial wasted gas has become one of the most important issues. According to "Implementation Plan on the Prevention and Treatment of Air Pollution" (《大氣污染防治行動計劃》), it is expected that during the five years between 2013 and 2017, RMB1,700 billion will be invested in air pollution prevention and treatment nationwide, cities with air quality below the secondary class of National Ambient Air Quality Standards have to establish a plan and a schedule to reach the stipulated standard, and cities are encouraged to adopt pollution treatment measures more stringent than that of the country. In addition, according to the "Opinions on Accelerating Energy Conservation and Environmental Protection Industry"(《關於加快發展節能環保產業的意見》) (the "Opinions") issued by the State Council in August 2013, the energy conservation and environmental protection industry will grow at an annual rate of 15% or above and become the new leading industry of national economy with a total output value of RMB4,500 billion by 2015. A major requirement of the Opinions is to promote energy saving and environmental friendly products and expand consuming demand. PPS fibre is currently the most cost-effective material for producing filter bags. Calculated on the basis of changing the filter every three years, the demand of PPS fibre as filter bags for thermal power plants can reach a level of 20,000 tpa. As the country actively participates in strengthening environmental protection, the industrial application of PPS has become even more important.

In view of this, the Group will vigorously expand its production capacity to satisfy the rapidly increasing market demand. The two new PPS production lines of the Group will be completed and put into trial production in the fourth quarter of the year. The Group estimates that upon commencement of production of the new production lines, the Group's PPS resin production capacity can be raised to 55,000 tpa while PPS fibre production capacity can be increased to 20,000 tpa, and the vast demand for PPS in the PRC can be effectively satisfied accordingly. Meanwhile, the construction of Group's phase two production lines is also underway and is expected to be completed by the end of next year.

In the future, the Group will further increase the proportion of revenue contributed by the PPS business to enhance our profitability. The Group will also expand the application scope of PPS products through a series of PPS R&D projects, stimulate new demand of PPS and raise the market share of the Group in the PPS market. R&D (as defined below) on the possibility of using PPS as a replacement is one of the key study projects of the Group. Given its characteristics of excellent thermal insulation properties and strong resistance to both high temperature and chemicals, it is expected that PPS is capable of replacing certain metals that are unstable, short-life-cycle and expensive, and thus suitable to be applied for industrial purposes.

Adjusting Product Structure and Highlighting the Development of Medical Thenardite

We are one of the biggest thenardite suppliers in the world and the only producer in the PRC with the GMP certificate and the National Pharmaceutical Production Permit for medical thenardite. The Group estimates that the domestic medical thenardite demand will continue to increase. Therefore, the Group will actively adjust its product portfolio, focus on the development of medical thenardite, and develop downstream thenardite products to make our entire industrial chain of thenardite more complete. The Group has full confidence in the business prospects of its compound of glauber-salt and liquorice and the medical thenardite for clinical use. Meanwhile, the Group will enhance cooperation with domestic hospitals to expand its domestic sales network for medical thenardite by taking advantage of the opportunities brought on by the healthcare reform in the PRC.

Research and Development

The Group has highly valued the importance of research and development ("R&D") activities. The Group's R&D resources are concentrated on its products and their performance. In addition to the R&D of new products, the Group also studies how to improve the performance of its products in order to maintain a track record of producing products that are of excellent quality for the Group. As regards production efficiency, the Group studies how to reduce the cost of labor and raw materials and streamline the production process in order to improve economic efficiency.

To expand the application scope of the PPS products, the Group is currently proceeding with its R&D plan to study the possibility of using PPS as a replacement for metals. Given its various characteristics of excellent thermal insulation properties and strong resistance to both high temperature and corrosive chemicals, PPS is expected to replace certain metals in industrial production that are unstable, short-life-cycle and expensive. The Group firmly believes that the R&D plan for using PPS as a metal replacement will provide ample room for growth in the development of the PPS market, and will assist in further expanding the Group's market share, which will enhance the Group's long-term development.

Employees and Remuneration Policies

As at 30 June 2013, we had a total of 2,516 employees (30 June 2012: 2,543 employees). Total staff costs (including Directors' remuneration) for the six months ended 30 June 2013 were approximately RMB58.4 million (six months ended 30 June 2012: RMB85.0 million), representing 5.2% (six months ended 30 June 2012: 7.8%) of our total operating expenses including cost of sales, selling and distribution expenses and other operating expenses. Employees were remunerated based on their performance, experience and industry practice. We operate a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Bonuses and share options are rewarded based on individual performance of staff members and in accordance with our overall remuneration policies. Our management reviews the remuneration policies and packages on a regular basis.

Interests and Short Positions of Directors and Chief Executives in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2013, none of the Directors or the chief executives of the Company, or any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations which had to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange adopted by the Company, to be notified to the Company and the Stock Exchange, save for certain Directors' interests in the share options granted by the Company pursuant to the Pre-IPO Share Option Scheme (as defined below) and the Share Option Scheme (as defined below) as set out below:

Long Positions in Share Options of the Company

Under the pre-IPO share option scheme adopted pursuant to the written resolutions of the shareholders of the Company dated 30 April 2008 (the "Pre-IPO Share Option Scheme")

Name of Directors	Date of grant	Number of shares subject to the share options	Exercise price
Mr. Zhang Daming	30 April 2008	4,218,000	HK$2.00
Mr. Gou Xingwu	30 April 2008	953,000	HK$2.00

Under the share option scheme adopted pursuant to the written resolutions of the shareholders of the Company dated 26 May 2009 (the "Share Option Scheme")

Name of Directors	Date of grant	Number of shares subject to the share options	Exercise price
Mr. Zhang Zhigang	14 January 2011	1,900,000	HK$3.28
	14 July 2011	12,000,000	HK$3.01
Mr. Zhang Daming	14 July 2011	12,000,000	HK$3.01
Mr. Yu Man Chiu Rudolf	23 April 2010	2,500,000	HK$2.64
(Note)	14 July 2011	12,000,000	HK$3.01
Mr. Gou Xingwu	14 July 2011	9,000,000	HK$3.01
Mr. Tan Jianyong	14 January 2011	1,500,000	HK$3.28
	14 July 2011	9,000,000	HK$3.01

Note: After resignation of Mr. Yu Man Chiu Rudolf ("Mr. Yu") as an executive Director on 28 June 2013, Mr. Yu was appointed as a consultant of the Group. Mr. Yu ceased to have any disclosure obligations of his interest in the shares of the Company as stipulated in Part XV of the SFO.

Save as disclosed above, none of the Directors or the chief executives of the Company, or any of their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in the Share Capital of the Company

As at 30 June 2013, so far as is known to the Directors or the chief executives of the Company, the shareholders, other than the Directors or the chief executives of the Company, who had interests or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

Interests in the Company

(i) Long positions

Name of shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of shareholding as at 30 June 2013
Mr. Suo Lang Duo Ji *(Note)*	Interest of a controlled corporation	1,875,846,510	33.53%
Ascend Concept Technology Limited ("Ascend") *(Note)*	Beneficial owner	1,068,445,707	19.10%
Rich Pass International Ltd. ("Rich Pass") *(Note)*	Interest of a controlled corporation	1,068,445,707	19.10%
Nice Ace Technology Limited ("Nice Ace") *(Note)*	Beneficial owner	807,396,731	14.43%

Note:

Under the provisions of the SFO, as at 30 June 2013, Mr. Suo Lang Duo Ji was deemed to have an interest in 1,875,846,510 shares of which 1,068,445,707 shares were held by Ascend (a company incorporated in the BVI and a wholly-owned subsidiary of Rich Pass, the entire share capital of which was owned by Mr. Suo Lang Duo Ji) and 807,396,731 shares were held by Nice Ace (a company incorporated in the BVI and the entire share capital of which was owned by Mr. Suo Lang Duo Ji) respectively.

Save as disclosed above, as at 30 June 2013, so far as is known to the Directors or the chief executives of the Company, no other person (who is not a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under Section 336 of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Share Options

The Company has adopted the Pre-IPO Share Option Scheme on 30 April 2008 and the Share Option Scheme on 26 May 2009.

A. Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted by written resolutions of all the shareholders of the Company passed on 30 April 2008. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution to the Group by the executive Directors, senior management and employees of the Group and to retain those persons whose contributions are important to the long-term growth and profitability of the Group.

Upon the listing of the Company on 16 June 2009 (the "Listing Date"), the Pre-IPO Share Option Scheme was terminated but the share options granted but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the terms of Pre-IPO Share Option Scheme.

As at 30 June 2013, details of the share options granted on 30 April 2008 under the Pre-IPO Share Option Scheme are as follows:

Name and title or category of grantees		Date of grant	Exercise price *(HK$)*	Exercise period *(Note 1) (Note 2)*	Number of shares to be issued upon full exercise of options	% of total issued share capital
(i)	**Directors**					
	Mr. Zhang Daming	30 April 2008	2.00	08/07/09 – 16/06/16	4,218,000	0.08%
	Mr. Gou Xingwu	30 April 2008	2.00	08/07/09 – 16/06/16	953,000	0.02%
(ii)	**Employees**	30 April 2008	2.00	08/07/09 – 16/06/16	61,743,000	1.10%
(iii)	**Others**	30 April 2008	2.00	08/07/09 – 16/06/16	7,182,000	0.13%
Total					74,096,000	1.33%

Notes:

(1) The share options can only be exercised in the following manner:

For grantees of the share options who have joined the Company for at least one calendar year as of the Listing Date

Exercise period	Maximum number of options exercisable
Any time from the 15th business day after the Listing Date until the 1st anniversary of the Listing Date	1st phase options, being up to half of the total number of options granted
Any time after the 1st anniversary of the Listing Date until the 2nd anniversary of the Listing Date	2nd phase options, being up to two-thirds of the total number of options granted less the number of options already exercised
Any time after the 2nd anniversary of the Listing Date until the 3rd anniversary of the Listing Date	3rd phase options, being up to five-sixths of the total number of options granted less the number of options already exercised
Any time after the 3rd anniversary of the Listing Date until expiry of the validity period of the relevant options	4th phase options, being such number of options granted less the number of options already exercised

(2) For grantees of the share options who have joined the Company for less than one calendar year as of the Listing Date

Exercise period	Maximum number of options exercisable
Any time after the 1st anniversary of the Listing Date until the 2nd anniversary of the Listing Date	1st phase options, being up to half of the total number of options granted
Any time after the 2nd anniversary of the Listing Date until the 3rd anniversary of the Listing Date	2nd phase options, being up to two-thirds of the total number of options granted less the number of options already exercised
Any time after the 3rd anniversary of the Listing Date until the 4th anniversary of the Listing Date	3rd phase options, being up to five-sixths of the total number of options granted less the number of options already exercised
Any time after the 4th anniversary of the Listing Date until expiry of the validity period of the relevant options	4th phase options, being such number of options granted less the number of options already exercised

The expiry date of the exercise period of any such share options shall be set out more particularly in the relevant option offer letter provided that such exercise period must expire on the date falling on the 7th anniversary of the Listing Date.

B. Share Option Scheme

The Share Option Scheme was adopted by written resolutions of all the shareholders of the Company passed on 26 May 2009. The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with an incentive to work better for the interest of the Group. The period within which the share options must be exercised shall be determined by the Directors at the time of grant and such period must expire no later than 10 years from the date on which the offer has been made to the grantee.

No grant of share options under the Share Option Scheme was made during the six months ended 30 June 2013.

Details of the share options outstanding under the Pre-IPO Share Option Scheme and the Share Option Scheme as at 30 June 2013 are as follows:

Name or category of grantees	Date of grant	Exercise period	Exercise price (HK$)	Options held as at 31 December 2012	Options granted during the period	Options exercised during the period	Options lapsed during the period	Options held as at 30 June 2013
Directors of the Company								
Mr. Zhang Zhigang	14 January 2011	14 January 2012 to 13 January 2013	3.28	1,900,000	–	–	(1,900,000)	–
	14 January 2011	14 January 2013 to 13 January 2014	3.28	1,900,000	–	–	–	1,900,000
				3,800,000	–	–	(1,900,000)	1,900,000
	14 July 2011	14 July 2011 to 13 July 2014	3.01	6,000,000	–	–	–	6,000,000
	14 July 2011	14 July 2012 to 13 July 2014	3.01	3,000,000	–	–	–	3,000,000
	14 July 2011	14 July 2013 to 13 July 2014	3.01	3,000,000	–	–	–	3,000,000
				12,000,000	–	–	–	12,000,000
Mr. Zhang Daming	30 April 2008	16 June 2009 to 16 June 2016	2.00	2,109,000	–	–	–	2,109,000
	30 April 2008	16 June 2010 to 16 June 2016	2.00	703,000	–	–	–	703,000
	30 April 2008	16 June 2011 to 16 June 2016	2.00	703,000	–	–	–	703,000
	30 April 2008	16 June 2012 to 16 June 2016	2.00	703,000	–	–	–	703,000
				4,218,000	–	–	–	4,218,000
	14 July 2011	14 July 2011 to 13 July 2014	3.01	6,000,000	–	–	–	6,000,000
	14 July 2011	14 July 2012 to 13 July 2014	3.01	3,000,000	–	–	–	3,000,000
	14 July 2011	14 July 2013 to 13 July 2014	3.01	3,000,000	–	–	–	3,000,000
				12,000,000	–	–	–	12,000,000
	14 July 2011	14 July 2011 to 13 July 2014	3.01	6,000,000	–	–	–	6,000,000
	14 July 2011	14 July 2012 to 13 July 2014	3.01	3,000,000	–	–	–	3,000,000
	14 July 2011	14 July 2013 to 13 July 2014	3.01	3,000,000	–	–	–	3,000,000
				12,000,000	–	–	–	12,000,000
Mr. Gou Xingwu	30 April 2008	16 June 2010 to 16 June 2016	2.00	666	–	–	–	666
	30 April 2008	16 June 2011 to 16 June 2016	2.00	476,167	–	–	–	476,167
	30 April 2008	16 June 2012 to 16 June 2016	2.00	476,167	–	–	–	476,167
				953,000	–	–	–	953,000
	14 July 2011	14 July 2011 to 13 July 2014	3.01	4,500,000	–	–	–	4,500,000
	14 July 2011	14 July 2012 to 13 July 2014	3.01	2,250,000	–	–	–	2,250,000
	14 July 2011	14 July 2013 to 13 July 2014	3.01	2,250,000	–	–	–	2,250,000
				9,000,000	–	–	–	9,000,000
Mr. Tan Jianyong	14 January 2011	14 January 2012 to 13 January 2013	3.28	1,500,000	–	–	(1,500,000)	–
	14 January 2011	14 January 2013 to 13 January 2014	3.28	1,500,000	–	–	–	1,500,000
				3,000,000	–	–	(1,500,000)	1,500,000
	14 July 2011	14 July 2011 to 13 July 2014	3.01	4,500,000	–	–	–	4,500,000
	14 July 2011	14 July 2012 to 13 July 2014	3.01	2,250,000	–	–	–	2,250,000
	14 July 2011	14 July 2013 to 13 July 2014	3.01	2,250,000	–	–	–	2,250,000
				9,000,000	–	–	–	9,000,000

Name or category of grantees	Date of grant	Exercise period	Exercise price (HK$)	Options held as at 31 December 2012	Options granted during the period	Options exercised during the period	Options lapsed during the period	Options held as at 30 June 2013
Employees of the Group								
	30 April 2008	16 June 2010 to 16 June 2016	2.00	1,410,340	–	–	–	1,410,340
	30 April 2008	16 June 2011 to 16 June 2016	2.00	9,143,331	–	–	–	9,143,331
	30 April 2008	16 June 2012 to 16 June 2016	2.00	9,143,331	–	–	–	9,143,331
				19,697,002	–	–	–	19,697,002
	14 January 2011	14 January 2012 to 13 January 2013	3.28	40,580,000	–	–	(40,580,000)	–
	14 January 2011	14 January 2013 to 13 January 2014	3.28	40,580,000	–	–	–	40,580,000
				81,160,000	–	–	(40,580,000)	40,580,000
	14 July 2011	14 July 2011 to 13 July 2014	3.01	240,550,000	–	–	–	240,550,000
	14 July 2011	14 July 2012 to 13 July 2014	3.01	120,275,000	–	–	–	120,275,000
	14 July 2011	14 July 2013 to 13 July 2014	3.01	120,275,000	–	–	–	120,275,000
				481,100,000	–	–	–	481,100,000
Directors and employees of the Group								
	30 April 2008	16 June 2009 to 16 June 2016	2.00	2,109,000	–	–	–	2,109,000
	30 April 2008	16 June 2010 to 16 June 2016	2.00	2,114,006	–	–	–	2,114,006
	30 April 2008	16 June 2011 to 16 June 2016	2.00	10,322,498	–	–	–	10,322,498
	30 April 2008	16 June 2012 to 16 June 2016	2.00	10,322,498	–	–	–	10,322,498
				24,868,002	–	–	–	24,868,002
	14 January 2011	14 January 2012 to 13 January 2013	3.28	43,980,000	–	–	(43,980,000)	–
	14 January 2011	14 January 2013 to 13 January 2014	3.28	43,980,000	–	–	–	43,980,000
				87,960,000	–	–	(43,980,000)	43,980,000
	14 July 2011	14 July 2011 to 13 July 2014	3.01	267,550,000	–	–	–	267,550,000
	14 July 2011	14 July 2012 to 13 July 2014	3.01	133,775,000	–	–	–	133,775,000
	14 July 2011	14 July 2013 to 13 July 2014	3.01	133,775,000	–	–	–	133,775,000
				535,100,000	–	–	–	535,100,000
				647,928,002	–	–	(43,980,000)	603,948,002

Compliance with the Corporate Governance Code

The Board is committed to the provision of good corporate governance by being prudent, transparent and accountable while enhancing shareholder value.

The Company has fully complied with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the period from 1 January 2013 to 30 June 2013, except for the following:

Code provision A.6.7 – This code provision stipulates that independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Wong Chun Keung ("Mr. Wong"), an independent non-executive Director, was unable to attend the annual general meeting held on 28 June 2013 as Mr. Wong was out of town for other businesses. Mr. Koh Tiong Lu, John and Mr. Xia Lichuan, both independent non-executive Directors, attended the annual general meeting on behalf of all the independent non-executive Directors.

The Model Code

The Company adopted the Model Code as the code for Directors' securities transactions. Having made specific enquiry, all the Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

Interim Results Announcement and Interim Report

The announcement of interim results containing all the information required by paragraphs 46(1) to 46(9) of Appendix 16 to the Listing Rules was published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.lumena.hk on 30 August 2013.

The interim results and this interim report have been reviewed by the Audit Committee of the Company. The Audit Committee is of the opinion that the interim results and this interim report have complied with applicable accounting standards, the Listing Rules and the legal requirements and that adequate disclosures have been made.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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To the Board of Directors of China Lumena New Materials Corp.
中國旭光高新材料集團有限公司
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 31 to 66 which comprise the condensed consolidated statement of financial position of China Lumena New Materials Corp. as of 30 June 2013 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report of interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

BDO Limited
Certified Public Accountants
Chiu Wing Cheung Ringo
Practising Certificate number P04434

Hong Kong, 30 August 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Revenue	5	**2,340,367**	2,203,088
Cost of sales		**(916,808)**	(896,095)
Gross profit		**1,423,559**	1,306,993
Other revenue and gains	6	**34,185**	27,874
Selling and distribution expenses		**(6,230)**	(9,034)
Other operating expenses		**(194,168)**	(183,783)
Impairment loss on property, plant and equipment	12	**(140,000)**	–
Impairment loss on land use rights	12	**(3,000)**	–
Impairment loss on a mining right	12	**(7,000)**	–
Finance costs	7	**(63,334)**	(108,553)
Profit before income tax	8	**1,044,012**	1,033,497
Income tax expense	9	**(206,355)**	(213,383)
Profit for the period		**837,657**	820,114
Profit for the period attributable to owners of the Company		**837,657**	820,114
		RMB cents	RMB cents
Earnings per share for profit attributable to owners of the Company during the period	11		
– Basic		**14.97**	14.66
– Diluted		**14.54**	14.66

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	**837,657**	820,114
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss –		
Exchange gain/(loss) on translation of financial statements of foreign operations	**51,049**	(3,663)
Other comprehensive income for the period, net of tax	**51,049**	(3,663)
Total comprehensive income for the period, net of tax	**888,706**	816,451
Total comprehensive income attributable to owners of the Company	**888,706**	816,451

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*12*	**8,663,321**	8,616,584
Investment properties	*13*	**106,400**	104,700
Land use rights		**269,421**	275,145
Goodwill	*14*	**5,745,525**	5,745,525
Mining rights		**321,240**	335,074
Other intangible assets	*15*	**967,039**	1,021,586
Deposits and prepayments		**23,622**	23,086
Deferred tax assets	*21*	**120,986**	85,500
		16,217,554	16,207,200
Current assets			
Inventories		**88,539**	73,517
Trade and other receivables	*16*	**1,658,784**	1,279,303
Pledged deposits		**4,000**	34,000
Cash and bank balances		**4,071,037**	3,264,432
		5,822,360	4,651,252
Current liabilities			
Trade and other payables	*18*	**1,110,672**	837,020
Borrowings	*19*	**1,657,518**	1,247,042
Convertible bonds	*20*	**920,993**	–
Tax payables		**204,294**	194,036
		3,893,477	2,278,098
Net current assets		**1,928,883**	2,373,154
Total assets less current liabilities		**18,146,437**	18,580,354

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2013

	Notes	**30 June 2013 (Unaudited) RMB'000**	31 December 2012 (Audited) RMB'000
Non-current liabilities			
Borrowings	*19*	**2,582,313**	2,712,894
Convertible bonds	*20*	**–**	849,653
Deferred tax liabilities	*21*	**370,797**	386,058
		2,953,110	3,948,605
Net assets		**15,193,327**	14,631,749
EQUITY			
Share capital	*22*	**383**	383
Reserves		**15,192,944**	14,631,366
Total equity		**15,193,327**	14,631,749

On behalf of the Board

Director

Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital contribution RMB'000	General reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Convertible bonds equity reserve RMB'000	Dividend reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
(Unaudited)												
At 1 January 2012	383	10,518,007	5	165,362	103,539	(413,367)	428,284	153,127	39,255	119,709	2,193,359	13,307,663
Recognition of share-based payments	–	–	–	35,427	–	–	–	–	–	–	–	35,427
Dividend for 2011	–	–	–	–	–	–	–	–	–	(119,709)	–	(119,709)
Transactions with owners	–	–	–	35,427	–	–	–	–	–	(119,709)	–	(84,282)
Profit for the period	–	–	–	–	–	–	–	–	–	–	820,114	820,114
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
– Exchange loss on translation of financial statements of foreign operations	–	–	–	–	–	–	–	(3,663)	–	–	–	(3,663)
Total comprehensive income for the period	–	–	–	–	–	–	–	(3,663)	–	–	820,114	816,451
Lapse of share options	–	–	–	(13,475)	–	–	–	–	–	–	13,475	–
At 30 June 2012	383	10,518,007	5	187,314	103,539	(413,367)	428,284	149,464	39,255	–	3,026,948	14,039,832

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2013

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Employee share-based compensation reserve RMB'000	Capital contribution RMB'000	General reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Convertible bonds equity reserve RMB'000	Dividend reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
(Unaudited)												
At 1 January 2013	383	10,181,675	5	196,548	103,539	(413,367)	572,749	201,807	39,255	336,332	3,412,823	14,631,749
Recognition of share-based payments	-	-	-	9,204	-	-	-	-	-	-	-	9,204
Dividend for 2012	-	-	-	-	-	-	-	-	-	(336,332)	-	(336,332)
Transactions with owners	-	-	-	9,204	-	-	-	-	-	(336,332)	-	(327,128)
Profit for the period	-	-	-	-	-	-	-	-	-	-	837,657	837,657
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
– Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	-	-	51,049	-	-	-	51,049
Total comprehensive income for the period	-	-	-	-	-	-	-	51,049	-	-	837,657	888,706
Lapse of share options	-	-	-	(12,559)	-	-	-	-	-	-	12,559	-
At 30 June 2013	383	*10,181,675	*5	*193,193	*103,539	*(413,367)	*572,749	*252,856	*39,255	*–	*4,263,039	15,193,327

* The total of these balances represents reserves in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash generated from operating activities	**850,628**	1,139,298
Net cash used in investing activities	**(2,439)**	(889,335)
Net cash generated from/(used in) financing activities	**168,160**	(49,569)
Net increase in cash and cash equivalents	**1,016,349**	200,394
Cash and cash equivalents at beginning of the period	**2,866,530**	2,336,764
Effect of foreign exchange rate changes on cash and cash equivalents	**(176)**	(59)
Cash and cash equivalents at end of the period	**3,882,703**	2,537,099
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	**4,071,037**	2,816,253
Short-term bank deposits	**(188,334)**	(279,154)
	3,882,703	2,537,099

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. General Information

China Lumena New Materials Corp. (the "Company") was incorporated in the Cayman Islands on 12 April 2007 as an exempted company with limited liability under the Companies Law of Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is situated at Units 7503B, 7504 and 7505 Level 75, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company and its subsidiaries (collectively the "Group") are involved in the following principal activities:

- Manufacturing and selling of polyphenylene sulfide ("PPS") products including PPS resin, PPS fibre and PPS compounds

- Processing and sale of powder thenardite, specialty thenardite and medical thenardite

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim financial reporting, issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

1. General Information (Continued)

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRSs") (which collective term includes all applicable individual International Financial Reporting Standards and Interpretations as approved by the IASB, and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB), and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

The Interim Financial Statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

The Interim Financial Statements have been approved for issue by the board of directors on 30 August 2013.

2. Principal Accounting Policies

The Interim Financial Statements have been prepared under the historical cost basis except for investment properties which have been measured at fair value.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

3. Adoption of New/Revised IFRSs

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new or revised IFRSs"). The application of the new and revised IFRSs in the current period has no material effect on the amounts reported in the Interim Financial Statements and/or disclosures set out in the Interim Financial Statements.

The Group has not early applied the following new or revised IFRSs that have been issued but are not yet effective.

Amendments to IAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 36	Recoverable Amount Disclosures of Non-Financial Assets[1]
Amendments to IAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC Interpretation 21	Levies[1]
IFRS 9	Financial Instruments[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.

4. Segment Information

The Group identifies its operating segments and prepares segment information based on the regular internal financial information reported to the Group's executive directors, being the chief operating decision makers, for their decisions about resources allocation to the Group's business components and review of the performance of those components. The Group has identified the following reportable segments for its operating segments:

PPS business	Manufacturing and selling of PPS products including PPS resin, PPS fibre and PPS compounds
Mining and thenardite business	Processing and sale of powder thenardite, specialty thenardite and medical thenardite

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments profit that is used by the executive directors for assessment of segment performance.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Reportable segment profit excludes equity-settled share-based payments, depreciation of corporate assets and corporate income and expenses from the Group's profit before income tax. Each of the operating segments is managed separately as the resources requirement of each of them is different.

4. Segment Information (Continued)

Segment assets include all assets with the exception of corporate assets which are not directly attributable to the business activities of any operating segment as these assets are managed on a group basis.

Segment liabilities include trade and other payables, borrowings, loan commitment and convertible bonds attributable to the manufacturing and sales activities of the individual segments. Certain payables and managed on a group basis.

Revenue and profit generated by the Group's operating segments are summarised as follows:

	Mining and thenardite business 30 June		**PPS business 30 June**		**Total 30 June**	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	**2013 (Unaudited) RMB'000**	2012 (Unaudited) RMB'000	**2013 (Unaudited) RMB'000**	2012 (Unaudited) RMB'000
Total segment revenue	**943,051**	829,837	**1,447,049**	1,421,831	**2,390,100**	2,251,668
Inter-segment revenue	**(49,733)**	(48,580)	**–**	–	**(49,733)**	(48,580)
Revenue from external customers	**893,318**	781,257	**1,447,049**	1,421,831	**2,340,367**	2,203,088
Reportable segment profit	**349,896**	401,860	**745,591**	687,717	**1,095,487**	1,089,577

4. Segment Information (Continued)

The following table presents segment assets and liabilities of the Group's operating segments:

	Mining and thenardite business		PPS business		Total	
	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000	**30 June 2013 (Unaudited) RMB'000**	31 December 2012 (Audited) RMB'000	**30 June 2013 (Unaudited) RMB'000**	31 December 2012 (Audited) RMB'000
Reportable segment assets	**6,187,099**	5,697,393	**15,756,111**	15,104,149	**21,943,210**	20,801,542
Reportable segment liabilities	**(605,129)**	(550,313)	**(5,887,662)**	(5,644,781)	**(6,492,791)**	(6,195,094)

Reconciliation of reportable segment profit

	Six months ended 30 June	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Reportable segment profit	**1,095,487**	1,089,577
Share-based payments expense	**(9,204)**	(35,427)
Depreciation	**(1,016)**	(1,115)
Corporate income	**52**	6,763
Corporate expenses	**(41,307)**	(26,301)
Profit before income tax	**1,044,012**	1,033,497

5. Revenue

The Group's principal activities are disclosed in note 1 to these interim financial statements. Turnover of the Group is the revenue from these activities.

Revenue of the Group represents the net amount received and receivable for goods sold, less value-added tax and returns, during the period.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from PPS business		
– Coating-grade PPS resin	**72,156**	69,925
– Injection-moulding-grade PPS resin	**156,545**	112,161
– Film-grade PPS resin	**32,917**	35,933
– PPS fibre	**209,566**	219,978
– PPS compounds	**975,865**	983,834
	1,447,049	1,421,831
Revenue from mining and thenardite business		
– Powder thenardite	**20,830**	28,953
– Medical thenardite	**575,499**	433,998
– Specialty thenardite	**296,989**	318,306
	893,318	781,257
	2,340,367	2,203,088

6. Other Revenue and Gains

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Bank interest income	**8,639**	7,624
Government subsidy	**3,455**	4,619
Net foreign exchange gain	**14,919**	7,102
Rental income	**4,007**	4,007
Revaluation gain on investment properties	**1,700**	2,400
Revenue from sales of scrap materials	**1,323**	685
Gain on disposal of property, plant and equipment	**–**	400
Others	**142**	1,037
	34,185	27,874

7. Finance Costs

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest expenses on:		
Bank borrowings	**160,043**	105,172
Other borrowings	**11,839**	15,536
Convertible bonds	**105,976**	90,613
Fixed rate senior notes	**–**	102,831
Finance income of loan commitment	**–**	(64,108)
	277,858	250,044
Less: Interest capitalised*	**(214,524)**	(141,491)
	63,334	108,553

* Borrowing costs have been capitalised at rate of 11% per annum for the six months ended 30 June 2013 (six months ended 30 June 2012: 11%) and included in buildings and mining structures, construction in progress and asset under construction.

8. Profit before Income Tax

Profit before income tax is arrived at after charging the following items:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Amortisation of land use rights	**2,724**	2,796
Amortisation of mining rights	**6,834**	6,382
Amortisation of other intangible assets	**54,547**	54,098
Depreciation	**198,876**	206,205
Staff costs	**58,371**	84,978

9. Income Tax Expense

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax		
– Provision for Enterprise Income Tax ("EIT")	**257,102**	226,958
Deferred tax *(note 21)*	**(50,747)**	(13,575)
Income tax expense	**206,355**	213,383

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under the jurisdiction of Cayman Islands and BVI during the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

(ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong during the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

(iii) Sichuan Chuanmei Mirabilite Co., Ltd. ("Chuanmei Mirabilite") and Sichuan Chuanmei Special Glauber Salt Co., Ltd. ("Chuanmei Special Glauber"), the subsidiaries of the Company, are subject to EIT rate of 25% (six months ended 30 June 2012: 25%) in the People's Republic of China (the "PRC").

9. Income Tax Expense (Continued)

Notes: (Continued)

(iv) Pursuant to the Cai Shui [2011] No.58 issued by the Ministry of Commerce, the General Administration of Customs and the State Administration of Taxation on 27 July 2011, Sichuan Deyang Chemical Co., Ltd ("Deyang Chemical"), another subsidiary of the Company, is entitled to apply for EIT rate of 15% from 1 January 2011 to 31 December 2020 in accordance with the preferential policies for development of China's western regions. Pursuant to a notice issued by the tax authority in charge dated 11 March 2013, Deyang Chemical complies temporarily with the requirements of the tax preferential policies available for enterprises in the western regions. The tax authority in charge agreed that Deyang Chemical is entitled to the preferential tax rate of 15% for the year from 1 January 2012 to 31 December 2012 but its approval is subject to the announcement of Catalogue of Encouraged Type Industries in Western Regions to be issued by the National Development and Reform Commission.

During the period ended 30 June 2013, Deyang Chemical has not yet received the approval for the preferential tax rate of 15% from the tax authority in charge. However, pursuant to a notice issued by the tax authority in charge dated 16 August 2013, it is agreed that Deyang Chemical is temporarily entitled to the preferential tax rate of 15% for the period from 1 January 2013 to 31 December 2013.

Based on above, Deyang Chemical is eligible for a reduced 15% EIT rate for the six months ended 30 June 2013 and 2012.

(v) In 2009, Sichuan Deyang Special New Materials Co., Ltd ("Deyang New Materials"), one of the subsidiaries of the Company, is designated as a high-tech enterprise and is subject to preferential tax rate of 15% for three years commencing 2009. Pursuant to the notices issued by the tax authority in charge on 20 August 2012 and 8 March 2013, the designation as a high-tech enterprise of Deyang New Materials had expired on 15 July 2012 and the applicable EIT tax rate for Deyang New Materials for the period from 1 January to 15 July 2012 was 15%. Due to the expiry of the designation as a high-tech enterprise, Deyang New Materials also applied for EIT rate of 15% from 1 January 2011 to 31 December 2020 in accordance with the preferential policies for development of the China's western regions as mentioned above. Pursuant to a notice issued by the tax authority in charge dated 8 March 2013, Deyang New Materials is eligible for a reduced 15% EIT rate for the period from 1 July 2012 to 31 December 2012.

Same as Deyang Chemical, Deyang New Materials has not yet received the approval for the preferential tax rate of 15% from the tax authority in charge. However, pursuant to a notice issued by the tax authority in charge dated 16 August 2013, Deyang New Materials is temporarily entitled to the preferential tax rate of 15% for the period from 1 January 2013 to 31 December 2013.

Based on above, Deyang New Materials is eligible for a reduced 15% EIT rate for the six months ended 30 June 2013 and 2012.

10. Dividends

The directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2012: nil).

11. Earnings per Share

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB837,657,000 (six months ended 30 June 2012: RMB820,114,000) and the weighted average number of 5,593,962,000 (six months ended 30 June 2012: 5,593,962,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2013 is based on the profit attributable to owners of the Company of approximately RMB861,813,000, adjusted to reflect the interest on the convertible bonds, where applicable. The weighted average number of ordinary shares of 5,926,025,000 shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 332,063,000 shares assumed to have been issued at no consideration of the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

For the six months ended 30 June 2012, the diluted earnings per share were same as basic earnings per share because the deemed exercise price of the share options and the convertible bonds had anti-dilutive effect on the basic earnings per share.

12. Property, Plant and Equipment

During the six months ended 30 June 2013, the Group incurred additions to property, plant and equipment of approximately RMB385,671,000 (six months ended 30 June 2012: RMB1,513,825,000), which were incurred as to approximately RMB517,000 (six months ended 30 June 2012: RMB2,098,000) in furniture, machinery and equipment, approximately RMB5,429,000 (six months ended 30 June 2012: RMB1,926,000) in buildings and mining structures, and approximately RMB379,725,000 (six months ended 30 June 2012: RMB1,509,801,000) in construction in progress, of which approximately RMB214,524,000 (six months ended 30 June 2012: RMB141,491,000) was interest capitalised.

In view of the intensified competition in specialty thenardite market, further downward pressure on the price of specialty thenardite since the beginning of 2013 and drop in the sale of specialty thenardite during the period, the directors are of the opinion that the net carrying amounts of certain property, plant and equipment, the land use rights and the mining right in relation to the mine for the production of specialty thenardite (the "Guangji Mine") exceed the recoverable amounts as at 30 June 2013. In performing the impairment testing, the directors have determined the recoverable amount of the Guangji Mine using fair value less costs to sell which is derived by using a discounted cash flow ("DCF") analysis. The DCF analysis uses a detailed 3.5-year budget plan and the discount rate applied to the cash flow projection is 14.25%. The growth rates used to extrapolate the cash flow of the Guangji Mine beyond the 3.5-year period are zero. Based on the results of the impairment testing, impairment loss on property, plant and equipment, land use rights and a mining right of approximately RMB140,000,000 (six months ended 30 June 2012: nil), RMB3,000,000 (six months ended 30 June 2012: nil) and RMB7,000,000 (six months ended 30 June 2012: nil) respectively, have been recognised in the condensed consolidated statement of comprehensive income.

12. Property, Plant and Equipment (Continued)

Other key assumptions used in the calculation of fair value less costs to sell of the Guangji Mine are as follows:

- The estimated production volumes were based on the mine plan agreed by the directors which took into account continual development on the mining structure for Guangji Mine. Based on the mine plan, revenue from selling of specialty thenardite was attributable to the sales in the PRC.

- The selling price of specialty thenardite was determined with reference to the market available information and the recent sales transactions in 2013.

- The Group was able to renew and apply for extension for its land use rights and mining right.

As at reporting date, certain buildings and mining structures, machinery and equipment are pledged to secured bank borrowings as disclosed in note 17.

13. Investment Properties

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Carrying amount at 1 January	**104,700**	101,900
Change in fair value recognised in profit or loss	**1,700**	2,800
Carrying amount at 30 June 2013/ 31 December 2012	**106,400**	104,700

14. Goodwill

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Acquisition of mining and thenardite business	**8,386**	8,386
Acquisition of PPS business	**5,737,139**	5,737,139
Net carrying amount	**5,745,525**	5,745,525

15. Other Intangible Assets

	Trademark RMB'000	Patents and technical know-how RMB'000	Customer relationship RMB'000	Total RMB'000
Cost				
At 1 January 2012, 31 December 2012, 1 January 2013 and 30 June 2013	17,588	826,600	391,400	1,235,588
Accumulated amortisation				
At 1 January 2012	–	(48,451)	(56,458)	(104,909)
Amortisation charge	–	(50,383)	(58,710)	(109,093)
At 31 December 2012 and 1 January 2013	–	(98,834)	(115,168)	(214,002)
Amortisation charge	–	(25,192)	(29,355)	(54,547)
At 30 June 2013	–	(124,026)	(144,523)	(268,549)
Net carrying amount				
At 30 June 2013 (Unaudited)	17,588	702,574	246,877	967,039
At 31 December 2012 (Audited)	17,588	727,766	276,232	1,021,586

Note:

Trademark as at the reporting date arose from acquisition of Chuanmei Mirabilite in 2004. The Group concluded that the trademark have no foreseeable limit to the period which it is expected to generate net cash inflow for the Group and regarded the trading right as having indefinite useful life.

Purchased patents and technical know-how and customer relationship in the acquisition of PPS business, fair values at acquisition of which were determined by reference to the independent valuation, are amortised on straight-line method over their estimated useful lives of 6.67 to 15 years.

16. Trade and Other Receivables

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Trade receivables, net	**1,475,571**	1,107,282
Bills receivables	**2,889**	403
	1,478,460	1,107,685
Other receivables	**32,296**	22,597
Deposits and prepayments	**148,028**	149,021
	1,658,784	1,279,303

Trade receivables are non-interest bearing. Credit terms normally granted to the trade customers ranged from 60 days to 180 days (31 December 2012: from 60 days to 180 days) depending on the customers' relationship with the Group, its creditworthiness and settlement record. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances.

16. Trade and Other Receivables (Continued)

Ageing analysis of trade and bills receivables, based on the invoice dates, is as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Outstanding balances with ages:		
– 90 days or below	**923,867**	781,466
– 91–180 days	**402,983**	213,258
– 181–365 days	**141,503**	105,229
– Over 365 days	**10,107**	7,732
	1,478,460	1,107,685

At each reporting date, the Group's trade receivables are individually determined for impairment testing. The individually impaired receivables, if any, are recognised based on the credit history of customers, such as financial difficulties and default in payments, and current market conditions.

17. Pledge of Assets

The Group had pledged certain buildings, machinery and equipment and other assets to secure the credit facilities granted by certain banks to the Group. The carrying values of these assets pledged at the reporting date are as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Buildings and mining structures	**41,027**	15,771
Land use rights	**50,267**	68,451
Machinery and equipment	**506,649**	446,610
Mining rights	**266,634**	273,116
Pledged deposits	**4,000**	34,000
	868,577	837,948

18. Trade and Other Payables

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Trade payables	**117,413**	110,140
Bills payables	**–**	38,150
	117,413	148,290
Dividend payables	**342,315**	11,225
Other payables	**613,890**	642,751
Receipt in advance	**37,054**	34,754
	1,110,672	837,020

18. Trade and other Payables (Continued)

Ageing analysis of trade and bills payables, based on the invoice dates, is as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Outstanding balances with ages:		
– 90 days or below	**47,871**	87,431
– 91–180 days	**14,032**	16,351
– 181–365 days	**19,849**	7,037
– Over 365 days	**35,661**	37,471
	117,413	148,290

19. Borrowings

As at 30 June 2013, the Group's borrowings were repayable as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Current		
– Within one year	**1,657,518**	1,247,042
Non-current		
– In the second to fifth years	**2,154,140**	1,971,398
– Over five years	**428,173**	741,496
	2,582,313	2,712,894
	4,239,831	3,959,936

19. Borrowings (Continued)

Notes:

(i) The Group's secured borrowings amounted to approximately RMB2,871,624,000 as at 30 June 2013 (31 December 2012: RMB2,968,812,000), consisting of bank loans of approximately RMB2,831,671,000 (31 December 2012: RMB2,929,505,000) and sale and leaseback borrowing of approximately RMB39,953,000 (31 December 2012: RMB39,307,000). Secured borrowings of approximately RMB388,953,000 (31 December 2012: RMB463,807,000) are collateralised by pledging of certain buildings, machinery and equipment and other assets of the Group as set out in note 17.

(ii) The Group's unsecured borrowings amounted to approximately RMB1,368,207,000 as at 30 June 2013 (31 December 2012: RMB991,124,000), consisting of bank loans of approximately RMB1,170,813,000 (31 December 2012: RMB790,707,000) and other loan from a third party of approximately RMB197,394,000 (31 December 2012: RMB200,417,000).

(iii) The Group's United States Dollars ("USD") bank borrowings amounted to approximately RMB2,482,671,000 as at 30 June 2013 (31 December 2012: RMB2,505,005,000) is secured by the Company's interests in certain PRC subsidiaries.

(iv) The Group's borrowings of approximately RMB3,791,178,000 (31 December 2012: RMB3,451,429,000) and RMB448,653,000 (31 December 2012: RMB508,507,000) are denominated in USD and RMB respectively.

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	30 June 2013 (Unaudited)		31 December 2012 (Audited)	
	Interest rate	**RMB'000**	Interest rate	RMB'000
– at fixed rates	**6.0% to 12.0%**	**920,664**	6.04% to 12.0%	1,152,424
– at floating rates	**4.57% to 8.98%**	**3,319,167**	5.65% to 8.86%	2,807,512
		4,239,831		3,959,936

20. Convertible Bonds and Loan Commitment

On 7 April 2011, the Company entered into a subscription agreement (the "Subscription Agreement") with Stable Investment Corporation ("SIC"), a wholly-owned subsidiary of China Investment Corporation and CITIC Capital China Access Fund Limited ("CITIC Capital"). Pursuant to the Subscription Agreement, SIC and CITIC Capital agreed to subscribe for the convertible bonds of the Company in an aggregate principal amount of USD120,000,000 (equivalent to approximately RMB779,229,000) at 6% interest rate per annum (the "Convertible Bonds") with maturity on 12 May 2014 (the "Maturity Date"). In addition, the Company has granted SIC and CITIC Capital an option to subscribe for the additional convertible bonds in an aggregate principal amount of up to USD100,000,000 (the "Additional Convertible Bonds"), exercisable during the period commencing on the date of completion of the subscription for the Convertible Bonds and ending on the first anniversary of such date. The terms and conditions of the Additional Convertible Bonds would be the same as the terms and conditions of the Convertible Bonds as set out in the Subscription Agreement in all respect except for (i) the conversion price and (ii) the first payment of interest.

Interest of the Convertible Bonds is repayable quarterly in arrear on 31 March, 30 June, 30 September and 31 December commencing on 30 September 2011.

The Convertible Bonds are convertible at any time from and including the date falling 6 months from 13 May 2011 up to the close of business in Hong Kong on the day falling 7 days prior to the Maturity Date by the bondholders into ordinary share of the Company of USD0.00001 each at the option of the bondholders, at an initial conversion price of Hong Kong Dollars ("HKD") 2.81 per share (subject to adjustments as set out in the Subscription Agreement) and a fixed exchange rate of USD1.00 to HKD7.77581.

Assuming full conversion of the Convertible Bonds at the initial conversion price of HKD2.81, the Convertible Bonds will be convertible into approximately 332,063,000 ordinary shares of the Company. Those shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

20. Convertible Bonds and Loan Commitment (Continued)

The conversion price is subject to adjustments for consolidation, subdivision or reclassification, capitalisation of profit or reserves, distribution, right issues, issues at less than current market price; other issues of securities at less than current market price; modification of rights of conversion and other offers to the shareholders.

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the Convertible Bonds at 148.15% of its principal amount together with accrued and unpaid interest on the Maturity Date.

Upon the occurrence of the events of default as set out in the Subscription Agreement or in the event that the Company's shares cease to be listed or admitted to trading on the Stock Exchange, each bondholder shall have the right to require the Company to redeem all or some of that bondholder's Convertible Bonds at an amount equal to 100% of the principal amount of the Convertible Bonds plus a gross compound yield of 20% per annum, calculated on a yearly basis.

Further details regarding the issue of the Convertible Bonds have been set out in the announcements of the Company dated 7 April 2011 and 13 May 2011. The transaction of the Convertible Bonds was completed on 13 May 2011.

The total proceeds received have been allocated between the Convertible Bonds and the loan commitment based on their relative fair values.

The Convertible Bonds contain liability and equity components. The fair value of the loan commitment is calculated using the Black Scholes Options Pricing model. The fair value of the liability component of the Convertible Bonds is determined using the prevailing market interest of similar non-convertible debts. The difference between the fair value of the Convertible Bonds and the fair value assigned to the liability component, representing the option for conversion of the convertible notes into equity, is included in equity as convertible bonds equity reserve. The effective interest rate of the liability component is 25.97%.

20. Convertible Bonds and Loan Commitment (Continued)

The movement of the liability component of the Convertible Bonds, the loan commitment and the equity component is set out as below:

	Liability component RMB'000	Loan commitment RMB'000	Equity component RMB'000
At 1 January 2012	723,669	64,778	39,255
Interest expenses	190,740	–	–
Interest paid	(45,602)	–	–
Recognised in profit or loss	–	(64,108)	–
Exchange realignment	(19,154)	(670)	–
Carrying amount as at 31 December 2012 (Audited) and 1 January 2013	849,653	–	39,255
Interest expenses *(note 7)*	105,976	–	–
Interest paid	(22,422)	–	–
Exchange realignment	(12,214)	–	–
Carrying amount as at 30 June 2013 (Unaudited)	920,993	–	39,255

20. Convertible Bonds and Loan Commitment (Continued)

Analysed for reporting purposes as:

	Liability component RMB'000	Equity component RMB'000
As at 30 June 2013 (Unaudited)		
Convertible bonds included in current liabilities	**920,993**	**–**
Equity component included in convertible bonds equity reserve	**–**	**39,255**
	920,993	**39,255**

	RMB'000	RMB'000
As at 31 December 2012 (Audited)		
Convertible bonds included in non-current liabilities	849,653	–
Equity component included in convertible bonds equity reserve	–	39,255
	849,653	39,255

21. Deferred Tax Assets/Liabilities

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Deferred tax liabilities	**370,797**	386,058
Deferred tax assets	**(120,986)**	(85,500)
	249,811	300,558

The following are the major deferred tax assets and liabilities recognised during the period/year:

	Withholding tax on the unremitted earning	Fair value adjustments on			Revaluation of investment properties	Interest capitalisation	Impairment on			Total
		Property, plant and equipment	Land use rights	Other intangible assets			Property, plant and machinery	Mining right	Land use rights	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	30,616	98,559	10,902	260,561	10,182	1,727	–	–	–	412,547
(Credited)/Charged to profit or loss	–	(10,746)	(222)	(27,274)	700	11,053	(79,500)	(4,250)	(1,750)	(111,989)
At 31 December 2012 (Audited) and 1 January 2013	30,616	87,813	10,680	233,287	10,882	12,780	(79,500)	(4,250)	(1,750)	300,558
(Credited)/Charged to profit or loss	–	(5,373)	(111)	(13,637)	425	3,435	(33,127)	(1,650)	(709)	(50,747)
At 30 June 2013 (Unaudited)	30,616	82,440	10,569	219,650	11,307	16,215	(112,627)	(5,900)	(2,459)	249,811

21. Deferred Tax Assets/Liabilities (Continued)

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. A lower withholding tax rate is enjoyed by the Group because there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding tax on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated for the year.

As at 30 June 2013, deferred tax liabilities of approximately RMB30,616,000 (31 December 2012: RMB30,616,000) were recognised in respect of the undistributed retained earnings of the PRC subsidiaries. The aggregate amount of temporary differences attributable to the PRC subsidiaries' undistributed retained earnings where no deferred tax had been provided for was RMB5,083,602,000 (31 December 2012: RMB4,088,713,000). No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these PRC subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

At the reporting date, the Group's unused tax losses available for offset against future profits, not recognised as deferred tax assets, is approximately RMB81,449,000 (equivalent to approximately HKD103,087,000) (31 December 2012: RMB82,696,000 (equivalent to approximately HKD103,087,000)). No deferred tax asset has been recognised in respect of this tax loss due to unpredictability of future profit streams. Under the current tax legislation in Hong Kong, the tax loss may be carried forward indefinitely.

22. Share Capital

	Number of ordinary shares of USD0.00001 each	Nominal value	
		USD	RMB'000
Authorised:			
At 1 January 2012, 31 December 2012 (Audited), 1 January 2013 and 30 June 2013 (Unaudited)	10,000,000,000	100,000	718
Issued and fully paid:			
At 1 January 2012, 31 December 2012 (Audited), 1 January 2013 and 30 June 2013 (Unaudited)	5,593,962,007	55,941	383

23. Operating Lease Commitments

The Group as lessee

At the reporting date, the total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within one year	**10,453**	10,632
In the second to fifth years	**8,882**	10,193
	19,335	20,825

23. Operating Lease Commitments (Continued)

The Group leases a number of properties under operating leases. The leases run for an initial period of 1 to 5 years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

The Group as lessor

The Group leases out its investment properties under operating lease for the period. None of the lease includes contingent rentals. The properties held have committed tenants for 5 years. At the reporting date, future minimum rental receivables under non-cancellable operating lease falling due as follows:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within one year	**8,000**	8,000
In the second to fifth years	**28,000**	32,000
	36,000	40,000

24. Capital Commitments

At the reporting date, the Group had the following capital commitments:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Contracted, but not provided for:		
– additions to property, plant and equipment	**605,759**	875,951