CHINA TIANRUI GROUP CEMENT COMPANY LIMITED

中國天瑞集團水泥有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1252

2013
INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

REGISTERED NAME OF THE COMPANY

China Tianrui Group Cement Company Limited

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

01252

EXECUTIVE DIRECTORS

Mr. Yang Yongzheng
Mr. Xu Wuxue
Mr. Wang Delong

NON-EXECUTIVE DIRECTORS

Mr. Li Liufa *(Chairman)*
Mr. Tang Ming Chien

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Xiangzhong
Mr. Wang Ping
Mr. Ma Chun Fung Horace

AUDIT COMMITTEE

Mr. Ma Chun Fung Horace *(Chairman)*
Mr. Kong Xiangzhong
Mr. Wang Ping

NOMINATION COMMITTEE

Mr. Kong Xiangzhong *(Chairman)*
Mr. Yang Yongzheng
Mr. Wang Ping

REMUNERATION COMMITTEE

Mr. Wang Ping *(Chairman)*
Mr. Xu Wuxue
Mr. Kong Xiangzhong

PRINCIPAL BANKERS

Bank of China, Henan Branch
Agricultural Bank of China, Henan Branch
China Construction Bank, Henan Branch
Bank of Communications, Henan Branch
Guangfa Bank, Zhengzhou Branch
China Minsheng Bank, Zhengzhou Branch

REGISTERED OFFICE

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KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Henan Province
PRC

PLACE OF BUSINESS IN HONG KONG

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1 Queen's Road East, Kong Kong

COMPANY WEBSITE

http://www.trcement.com

CORPORATE INFORMATION

JOINT COMPANY SECRETARIES

Mr. Yu Chunliang
Ms. Kwong Yin Ping Yvonne
Mr. Li Jiangming

AUTHORIZED REPRESENTATIVES

Mr. Yang Yongzheng
Mr. Yu Chunliang

ALTERNATIVE AUTHORIZED REPRESENTATIVE

Ms. Kwong Yin Ping Yvonne

CAYMAN ISLANDS SHARE REGISTRAR AND SHARE TRANSFER AGENT

Codan Trust Company (Cayman) Limited
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KY1-1111
Cayman Islands

LEGAL ADVISERS

As to Hong Kong law

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As to PRC law

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AUDITORS

Deloitte Touche Tohmatsu
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88 Queensway
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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Hopewell Centre
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INVESTORS AND MEDIA RELATIONS ADVISOR

PRChina Limited
Room 301, 3/F,
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280 Des Voeux Road Central
Hong Kong

FINANCIAL HIGHLIGHTS

GROUP FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Revenue	**3,722,302**	3,708,491
Gross profit	**803,205**	910,548
Gross profit margin	**21.6%**	24.6%
Profit	**276,500**	395,134
Profitability	**7.4%**	10.7%
EBITDA	**1,046,347**	1,117,849
Profit attributable to owners of the Company	**283,258**	401,536
Basic earnings per share (RMB)	**0.12**	0.17

	At 30 June	At 31 December
	2013	2012
	RMB'000	RMB'000
Total assets	**20,723,358**	18,840,296
Total liabilities	**13,989,360**	12,496,836
Equity attributable to owners of the Company	**6,606,822**	6,323,564

BUSINESS REVIEW

In the first half of 2013, we effectively boosted the sales volume of our cement products, enhanced the utilization rates of all production lines and strengthened our position as a leader in Henan and Liaoning cement markets.

In the first half of 2013, we continued to implement our policy of reducing cost and expanding market coverage to enhance our efficiency and results of our operations, competitiveness and sustainability. During the period, our sales volume of cement reached 15.8 million tonnes, representing an increase of 4.0 million tonnes, or 33.9% over the corresponding period in 2012. Meanwhile, we reduced the sales of clinker (an intermediate product) by 33.3% to improve our profitability. In the first half of 2013, we recorded revenue of RMB3,722.3 million, representing an increase of RMB13.8 million over the corresponding period in 2012.

During the six-month period ended 30 June 2013, we took various measures to reduce costs, including optimizing our utilization rates and centralizing our procurement. We believe that our high efficiency in cement production by maintaining a higher utilization rate in our well-designed facilities and the centralized procurement of coal and raw materials have afforded our Group a significant cost advantage over major competitors in Henan and Liaoning, our primary markets.

In the first half of 2013, we took strategic steps in consolidating cement producers in Liaoning market, by acquiring four cement and clinker enterprises, comprising one clinker production lines with an aggregate production capacity of approximately 1.2 million tonnes per annum and five cement production lines with an aggregate production capacity of approximately 4.0 million tonnes per annum. The above acquired capacities contributed RMB151.8 million to our revenue and RMB13.1 million to our operating profit for the reporting period.

BUSINESS ENVIRONMENT

Under the new leadership, the PRC government continued to carry out proactive fiscal policy and achieved structural adjustment. The national economy achieved progress in a steady manner. In the first half of 2013, China's gross domestic product (GDP) amounted to RMB24,800.9 billion, representing an increase of 7.6% over the corresponding period in 2012. China's fixed asset investments (FAI) (excluding rural household) amounted to RMB18.1 trillion, representing an increase of 20.1% over the corresponding period in 2012. Moreover, investment in infrastructure (excluding production and supply of electricity, heat, gas and water) was RMB2.7 trillion, representing an increase of 25.3%, with a growth rate of 20.9 percentage point over the corresponding period in 2012.

China continues to implement control policies on the real estate industry by introducing purchase restrictions, differential housing credit policies and real estate tax policies, as well as increasing land supply plus other measures to control real estate prices from rapid increases. These measures are expected to maintain the healthy and stable development of China's real estate market. According to the National Bureau of Statistics, China's real estate investment reached RMB3.7 trillion in the first half of 2013, representing an increase of 20.3% and an increase in growth rate of 3.7 percentage points over the corresponding period in 2012. We believe that the steady market demand for real estate in China would support a sustainable growth in demand for cement products.

According to the Bureaus of Statistics of relevant provinces and regions, for the first half of 2013, Henan, Liaoning, Anhui and Tianjin, the regions where we operate, recorded GDP growths of 8.4%, 9.0%, 10.9% and 12.5%, respectively, over the corresponding period in 2012. In the meantime, the FAI (excluding rural household) in Henan, Liaoning, Anhui and Tianjin for the first half of 2013 were RMB1.09 trillion, RMB1.12 trillion, RMB824.1 billion and RMB519.7 billion, respectively, representing increases of 23.5%, 21.1%. 21.6% and 19.1%, respectively, over the corresponding period in 2012. The investment in infrastructure in these four regions for the first half of 2013 recorded increases of 19.0%, 38.6%, 23.9% and 22.8%, respectively, and the investment in real estate increased by 24.9%, 21.3%, 22.4% and 19.9%, respectively, over the corresponding period in 2012.

CEMENT INDUSTRY

Cement demand in China continued to grow in the first half of 2013, primarily driven by the growth of investments in infrastructure and real estate. According to the National Bureau of Statistics, the total cement production in China reached 1.1 billion tonnes in the first half of 2013, representing an increase of 9.7% over the corresponding period in 2012. According to the China Cement Association, the cement production volume in Henan, the second largest province in China in terms of the volume of cement production, reached 77.8 million tonnes for the first half of 2013, representing an increase of 4 million tonnes, or 5.25%, over the corresponding period in 2012. The cement production volume in Liaoning was 24.8 million tonnes for the first half of 2013, representing a slight increase of 1.36% over the corresponding period in 2012, due to the cold weather in winter when construction activities in the northeast of China (particularly in Liaoning) are generally slow. In the first half of 2013, the volume of cement production in Anhui and Tianjin recorded increases of 16.71% and 14.42%, respectively, over the corresponding period in 2012.

According to the monthly reports issued by China Cement Research Institute (中國水泥研究院), 27 new clinker production lines commenced production during the first half of 2013, which increased clinker production capacity by 32.9 million tonnes. New capacities mainly concentrated in the northwest and southwest of China. Among them, a new production line with 1.0 million tonnes in capacity was constructed in Henan and two new production lines with 3.1 million tonnes in capacity were constructed in Liaoning.

The efforts by Chinese central government to rebalance the supply and demand of the overcapacity industries including the cement industry are widely considered necessary to adjust economic structure, which has been announced as the focus of its economic work. With the Chinese government's encouragement and promotion, mergers and acquisitions led by major cement producers are expected to accelerate the market consolidation in the cement industry. The optimal allocation of resources and sustainable growth will be the key tasks for the development of the cement industry going forward. Meanwhile, the elimination of obsolete capacity and strict approval on new capacity will improve supply and demand dynamics, resulting in a better business environment for the cement industry. The Chinese government has been supporting larger and more efficient cement companies and encouraging the consolidation trend in the cement industry, through the issuance of a number of regulations including the following:

— On 10 May 2013, the National Development and Reform Commission and the Ministry of Industry and Information Technology jointly published "Notice on Curbing the Blind Expansion of Serious Overcapacity Industries", which stated that the overcapacity issue and new capacity control of certain industries, including the cement industry, will be the focus of the government's work plan for 2013 so as to strictly control the new production capacities for those industries.

— On 25 July 2013, the Ministry of Industry and Information Technology issued a list of industries with obsolete production capacities, which are required to be shut down by the end of September 2013. According to this list, an aggregate of 92.8 million tonnes of obsolete cement and clinker capacities will be eliminated in 2013. In the regions where we operate, an aggregate production capacity of 1.24 million tonnes clinker in Henan, 400,000 tonnes clinker and 350,000 tonnes cement in Liaoning, 580,000 tonnes clinker in Anhui and 2.02 million tonnes cement in Tianjin, respectively, are considered obsolete capacities and shall be eliminated in 2013.

FINANCIAL REVIEW

Revenue

Our revenue was approximately RMB3,722.3 million for the six months ended 30 June 2013, representing an increase of RMB13.8 million, or 0.4%, over the corresponding period in 2012.

Leveraging our analysis of market conditions on a regular basis, we developed and adjusted our marketing strategy in order to achieve a sustainable competitive advantage. In response to the intensified competition during the first six months of 2013, we adopted a proactive pricing strategy by leveraging our efficient production system, economies of production scale, and effective sales and marketing strategies with an aim to increasing our respective market shares in our primary markets of Henan and Liaoning. Our revenue from cement sales was approximately RMB3,433.1 million for the six months ended 30 June 2013, representing an increase of RMB233.4 million, or 7.3%, over the corresponding period in 2012. The increase was primarily attributable to the increase of sales volume of our cement by 4.0 million tonnes, or 33.9%, from 11.8 million tonnes for the first half of 2012 to 15.8 million tonnes for the first half of 2013. The increase of our sales volume of cement was primarily due to our proactive pricing strategy as described above and the general increase in the market demand for our cement products, driven by rural development and the demand from certain large-scale infrastructure projects, such as the South-north Water Transfer Project (南水北調工程).

Our clinkers produced during the first half of 2013 were primarily used to satisfy our internal demand for cement production, mainly due to the fact that clinker is a semi-finished product that can be used to produce different types of cement products, and the profit margin of clinker is lower when compared with cement products. As such, only 1.4 million tonnes of clinkers were sold externally for the six months ended 30 June 2013, representing a 33.3% decrease from 2.1 million tonnes for the corresponding period in 2012. We recorded approximately RMB289.2 million of revenue generated from clinker sales for the six months ended 30 June 2013, representing a decrease by RMB219.6 million, or 43.2%, over the corresponding period in 2012.

Our revenue from sales of cement as a percentage of revenue was approximately 92.2% for the six months ended 30 June 2013 and 86.3% for the six months ended 30 June 2012, respectively. Our revenue from sales of clinker as a percentage of revenue was approximately 7.8% for the six months ended 30 June 2013 and 13.7% for the six months ended 30 June 2012, respectively.

Cost of sales

In the first half of 2013, we continued our efforts in reducing unit production costs of cement and clinker by leveraging on our economies of scale and through centralized procurement. Our unit production cost of cement further reduced, partly offsetting the negative effect on our gross margin as the result of lower selling prices. Our cost of sales was approximately RMB2,919.1 million for the six months ended 30 June 2013, representing an increase of RMB121.2 million, or 4.3%, over the corresponding period in 2012. The increase was primarily due to the increase in our cement sales volume by 33.9% during the same period.

Our cost of sales mainly consists of raw materials, coal and electricity. During the first six months of 2013, our costs of raw materials, coal and electricity as a percentage of cost of sales were 36.4%, 35.0% and 18.5%, respectively. During the same period, our costs of raw materials, coal and electricity for production of cement per tonne were RMB61.8, RMB59.3 and RMB31.4, respectively, representing decreases of 1.2%, 28.4%, and 0.8%, respectively, over the corresponding period in 2012.

Gross profit and gross profit margin

Our gross profit was approximately RMB803.2 million for the six months ended 30 June 2013, representing a decrease of RMB107.3 million, or 11.8%, from approximately RMB910.5 million for the corresponding period in 2012. Our gross profit margin decreased to approximately 21.6% in the first half of 2013 from 24.6% in the corresponding period in 2012. The decreases in both gross profit and gross profit margin were primarily due to decreases in the average selling prices of our cement and clinker products.

Other income

Other income was approximately RMB209.7 million for the six months ended 30 June 2013, representing an increase of RMB21.4 million, or 11.4%, from approximately RMB188.3 million for the six months ended 30 June 2012. The increase was primarily due to (i) the increase in value-added tax refunds from the PRC government; and (ii) the increase in the interests income arising from bank balance.

Selling and distribution expenses

Our selling and distribution expenses were approximately RMB150.2 million for the six months ended 30 June 2013, representing an increase of RMB33.0 million, or 28.1%, from approximately RMB117.2 million for the six months ended 30 June 2012. The increase was primarily due to a significant increase of transportation and shipping expenses as a result of the increase in our cement sales volume.

Administrative expenses

Administrative expenses were approximately RMB131.7 million for the six months ended 30 June 2013, representing a decrease of RMB20.8 million, or 13.6%, from RMB152.5 million for the six months ended 30 June 2012. The decrease was mainly due to the decrease in overseas payments of professional fees as compared to the corresponding period in 2012.

Finance costs

Finance costs were approximately RMB342.0 million for the six months ended 30 June 2013, representing an increase of RMB39.3 million, or 13.0%, from RMB302.7 million for the six months ended 30 June 2012. The increase was primarily attributable to the increase in the interest expenses of long-term corporate bonds in an aggregate principal amount of RMB2 billion issued by a subsidiary of our Company in China on 6 February 2013 with a term of eight years and an interest rate of 7.10% per annum.

Profit before taxation

As a result of the foregoing, our profit before taxation was approximately RMB381.2 million for the six months ended 30 June 2013, representing a decrease of RMB143.5 million, or 27.4%, from approximately RMB524.7 million for the six months ended 30 June 2012.

Income tax expenses

Our income tax expenses were approximately RMB104.7 million for the six months ended 30 June 2013, representing a decrease of RMB24.9 million, or 19.2%, from approximately RMB129.6 million for the six months ended 30 June 2012, which was mainly due to the decrease in profit before taxation as described above.

Profit attributable to owners of the Company and net profit margin

As a result of the foregoing, our profit attributable to owners of the Company for the six months ended 30 June 2013 was approximately RMB283.3 million, representing a decrease of RMB118.2 million, or 29.5%, from approximately RMB401.5 million for the six months ended 30 June 2012. The net profit margin decreased from 10.7% in the six months ended 30 June 2012 to 7.4% in the corresponding period in 2013, primarily attributable to the decrease of revenue and the increase of our cost of sales and financial costs as a percentage of our revenue.

FINANCIAL AND LIQUIDITY POSITION

Trade and other receivables

Trade and other receivables increased from RMB2,454.5 million as at 31 December 2012 to RMB3,252.0 million as at 30 June 2013, mainly due to the increase in trade receivables and bill receivables. The increase was primarily due to the growth of our business and the longer credit period we granted to our customers.

Inventories

Inventories increased from RMB1,140.2 million as at 31 December 2012 to RMB1,374.3 million as at 30 June 2013, primarily due to our expansion of scale after the acquisition of the four cement and clinker enterprises.

Cash and cash equivalents

Cash and bank balance decreased from RMB553.7 million as at 31 December 2012 to RMB502.3 million as at 30 June 2013, primarily due to the decrease of net cash flow generated from operating activities during the reporting period.

LONG-TERM AND SHORT-TERM BORROWINGS AND OTHER BORROWINGS

Borrowings due within one year and short-term bonds

Borrowings due within one year and short-term bonds increased from RMB5,902.9 million as at 31 December 2012 to RMB6,183.4 million as at 30 June 2013, primarily due to the fact that we have newly issued two series of short-term bonds.

Borrowings due after one year and mid-term bonds

Borrowings due after one year and mid-term bonds increased from RMB1,661.0 million as at 31 December 2012 to RMB1,864.0 million as at 30 June 2013, primarily due to the fact that we have newly issued two series of mid-term bonds.

Long-term corporate bonds

The amount of long-term corporate bonds as at 30 June 2013 represented the issuance of long-term corporate bonds in an aggregate principal amount of RMB2 billion on 6 February 2013, with a term of eight years and an interest rate of 7.10% per annum.

As at 30 June 2013, we had unutilized bank facilities of approximately RMB2,116.2 million. Our principal sources of liquidity have historically been cash generated from our operations, bank and other borrowings. We have historically used cash from such sources for working capital, production facility expansions, other capital expenditures and debt service requirements. We anticipate these uses will continue to be our principal uses of cash in the future. We expect our cash flow will be sufficient to fund our ongoing business requirements. Meanwhile, we have decided to further broaden our financing channel to improve our capital structure.

NET GEARING RATIO

As at 30 June 2013, our net gearing ratio was 119.5%, as compared with 71.3% as at 31 December 2012. Net gearing ratio is calculated by dividing net borrowings by equity attributable to owners of the Company.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure for the six months ended 30 June 2013 amounted to approximately RMB1,848.9 million (same period 2012: RMB501.8 million) and capital commitments contracted for but not recognized in the condensed consolidated financial statements as at 30 June 2013 amounted to approximately RMB117.4 million (31 December 2012: RMB415.1 million). Both the capital expenditure and capital commitments were mainly related to the acquisition of the business, the construction of production facilities and the acquisition of buildings, plant and machinery, motor vehicles, office equipment, construction in progress and mining rights. Our Group funded capital expenditure through cash generated from operations and bank and other borrowings. Our Group expects to fund our future capital requirements through cash generated from our operations, bank and other borrowings and other sources of finance as appropriate.

CONTINGENT LIABILITIES

As at 30 June 2013, other than the contingent liabilities of RMB33.3 million (31 December 2012: RMB40.0 million) for our provision of guarantees to the third parties as disclosed in our 2012 Annual Report, we did not have new or other contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2013, carrying amount of the assets of our Group pledged to secure our bank borrowings amounted to approximately RMB2,300.0 million (31 December 2012: RMB3,281.3 million).

CONNECTED TRANSACTIONS

During the six months ended 30 June 2013, save as disclosed below, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "Listing Rules").

During the six-month period ended 30 June 2013, the Group has been purchasing clinker from a connected person of the Company pursuant to the Clinker Supply Framework Agreement dated 26 September 2012. The aggregate amount of such continuing connected transactions for the six months ended 30 June 2013 has not exceeded the caps disclosed in the announcement of the Company dated 26 September 2012 in relation to the Clinker Supply Framework Agreement.

SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2013, we neither held any material investment nor planned to make any material investment and acquire any capital assets.

MARKET RISKS

Exchange rate risk

For the six-month period ended 30 June 2013 and the foreseeable subsequent period, our Group believes that the impact of exchange rate risk on our Group was and will be minimal, mainly because substantially all of our businesses are in mainland China, save for minimal foreign exchange risk in payment of external intermediary costs.

Interest rate risk

We are exposed to interest rate risk resulting from our long-term and short-term borrowings. We review our borrowings regularly to monitor our interest rate exposure, and will consider hedging significant interest rate exposure should the need arise. As our exposure to interest rate risk relates primarily to our interest-bearing bank loans, our policy is to keep our borrowings at variable rates of interest so as to minimize fair value interest rate risk, and to manage our interest rate exposure from all of our interest-bearing loans through the use of a mix of fixed and variable rates.

Liquidity risk

We have established an appropriate liquidity risk management of our short, medium and long-term funding and liquidity management requirements. We manage the liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in (both actual and forecast) cash flows. Our management also monitors the utilization of bank borrowings and ensures compliance with loan covenants.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, our Group had 7,334 employees (31 December 2012: 6,996). The employees' cost including remuneration was RMB165.7 million during the period (same period of 2012: RMB122.3 million). The remuneration policies, bonus and training programs for employees of our Group were implemented continuously according to policies disclosed in the 2012 Annual Report and no change has been made during the six-month period ended 30 June 2013.

PROSPECTS

It is expected that in the second half of 2013 the Chinese government will adopt consistent policies in order to achieve steady economic growth, whereas infrastructure investment and property construction will remain the major driving force for the economic recovery. In particular, urbanization will continue to promote the long term development of China's economy, leading to the sustainable development of the cement industry. For Henan market, cement demand from rural sector is also expected to become a driving force for the regional cement demand. And we also expect that the cement demand in Liaoning will accelerate in the second half of 2013.

To meet the growing demand for cement, we intend to strengthen our leading market position in Henan and Liaoning through organic growth and selective acquisitions. Our Group is one of the 12 national key cement enterprises recognized by the PRC government and one of the five cement enterprises designated by the Ministry of Industry and Information Technology which are encouraged to undertake cement industry-specific mergers and consolidation in central China. To encourage the consolidation of cement industry, the PRC government provides the designated enterprises with such supports as tax incentives, and special project or financing approval.

Furthermore, we expect that we will be able to lower our unit production cost and maintain our leading position in our core markets in terms of cost control through the strategies of centralized procurement of coal, electricity and raw materials and increased production utilization rate. We believe such cost advantage will support our Group to maintain a healthier profitability against our major competitors in Henan and Liaoning cement markets.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, to the best knowledge of the Directors and the senior management of the Company, the followings are the persons (not being a Director or chief executive of the Company), who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Capacity/ Nature of Interests	Total number of shares	Approximate percentage of shareholding (%)
Yu Kuo Company Limited ("Yu Kuo")	Beneficial owner/Long position(1)	950,000,000	39.57
Holy Eagle Company Limited ("Holy Eagle")	Interests in controlled corporation/Long position(1)	950,000,000	39.57
Yu Qi Company Limited ("Yu Qi")	Interests in controlled corporation/Long position(1)	950,000,000	39.57
Mr. Li Liufa	Interests in controlled corporation/Long position(1)	950,000,000	39.57
Mr. Li Xuanyu	Interests in controlled corporation/Long position(1)	950,000,000	39.57
Wan Qi Company Limited ("Wan Qi")	Beneficial owner/Long position(2) Short position	689,400,000 449,400,000	28.71 18.72
Mr. Tang Ming Chien	Interests in controlled corporation/Long position(2) Short position	689,400,000 449,400,000	28.71 18.72
Titan Investments Limited	Beneficial owner/Long position(3)	160,000,000	6.66
KKR Asian Fund L.P.	Interests in controlled corporation/Long position(3)	160,000,000	6.66
KKR Associates Asia L.P.	Interests in controlled corporation/Long position(3)	160,000,000	6.66
KKR SP Limited	Interests in controlled corporation/Long position(3)	160,000,000	6.66
KKR Asia Limited	Interests in controlled corporation/Long position(3)	160,000,000	6.66

Name of Shareholder	Capacity/ Nature of Interests	Total number of shares	Approximate percentage of shareholding (%)
KKR Fund Holdings L.P.	Interests in controlled corporation/Long position(3)	160,000,000	6.66
KKR Fund Holdings GP Limited	Interests in controlled corporation/Long position(3)	160,000,000	6.66
KKR Group Holdings L.P.	Interests in controlled corporation/Long position(3)	160,000,000	6.66
KKR Group Limited	Interests in controlled corporation/Long position(3)	160,000,000	6.66
KKR & Co. L.P.	Interests in controlled corporation/Long position(3)	160,000,000	6.66
KKR Management LLC	Interests in controlled corporation/Long position(3)	160,000,000	6.66
Mr. Henry R.Kravis and Mr. George R. Roberts	Interests in controlled corporation/Long position(3)	160,000,000	6.66
JPMorgan PCA Holdings (Mauritius) I Limited	Beneficial owner/Long position(4)	200,600,000	8.36
JPMorgan Private Capital Asia Fund I,L.P.	Interests in controlled corporation/Long position(4) Short position	200,600,000 33,433,340	8.36 1.39
JPMorgan Private Capital Asia General Partner, L.P.	Interests in controlled corporation/Long position(4) Short position	200,600,000 33,433,340	8.36 1.39
JPMorgan Private Capital Asia GP Limited	Interests in controlled corporation/Long position(4) Short position	200,600,000 33,433,340	8.36 1.39
JPMorgan Private Capital Asia Corp	Interests in controlled corporation/Long position(4) Short position	200,600,000 33,433,340	8.36 1.39
JPMorgan Chase & Co.	Interests in controlled corporation/Long position(4) Short position	200,600,000 33,433,340	8.36 1.39

(1) The entire issued share capital of Yu Kuo is legally and beneficially owned by Holy Eagle and Yu Qi. Mr. Li Liufa is deemed to be interested in the Shares held by Yu Kuo by virtue of Yu Kuo being controlled by Mr. Li Liufa through Holy Eagle (the wholly-owned company of Mr. Li Liufa). Mr. Li Xuanyu is deemed to be interested in the Shares held by Yu Kuo by virtue of Yu Kuo being controlled by Mr. Li Xuanyu through Yu Qi (the wholly-owned company of Mr. Li Xuanyu).

(2) The entire issued share capital of Wan Qi is legally and beneficially owned by Mr. Tang Ming Chien. Mr. Tang Ming Chien is deemed to be interested in the Shares held by Wan Qi by virtue of Wan Qi being controlled by Mr. Tang Ming Chien.

(3) Each of KKR Asian Fund L.P. (as the controlling shareholder of Titan Investments Limited), KKR Associates Asia L.P. (as the general partner of KKR Asian Fund L.P.), KKR SP Limited (as the voting partner of KKR Associates Asia L.P.), KKR Asia Limited (as the general partner of KKR Associates Asia L.P.), KKR Fund Holdings L.P. (as the sole shareholder of KKR Asia Limited), KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as the general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as the general partner of KKR & Co. L.P.), and Mr. Henry R. Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) is deemed to be interested in 160,000,000 Shares as of 30 June 2013. Mr. Henry R. Kravis and Mr. George R. Roberts disclaim beneficial ownership of the Shares held by Titan Investments Limited.

(4) Each of JPMorgan Private Capital Asia Fund I, L.P. (as the controlling shareholder of JPMorgan PCA), JPMorgan Private Capital Asia General Partner, L.P. (as the general partner of JPMorgan Private Capital Asia Fund I, L.P.), JPMorgan Private Capital Asia GP Limited (as the general partner of JPMorgan Private Capital Asia General Partner, L.P.), JPMorgan Private Capital Asia Corp (as the sole shareholder of JPMorgan Private Capital Asia GP Limited) and JPMorgan Chase & Co. (as the holding company of JPMorgan Private Capital Asia Corp.) is deemed to be interested in 200,600,000 Shares held by JPMorgan PCA pursuant to Section(s) 316(2) and/or 316(3) under Part XV of the SFO.

DIRECTORS' AND SENIOR MANAGEMENT' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Capacity/Nature of interests	Total number of shares	Approximate percentage of shareholding (%)
Mr. Li Liuifa (1)	Interests in controlled corporation/Long position	950,000,000	39.57
Mr. Tang Ming Chien (2)	Interests in controlled corporation/Long position	689,400,000	28.71
	Interests in controlled corporation/Short position	449,400,000	18.72

(1) Yu Kuo is the legal and beneficial holder of these shares. Mr. Li Liufa is deemed to be interested in the shares held by Yu Kuo by virtue of Yu Kuo being controlled by Mr. Li Liufa through Holy Eagle (the wholly-owned company of Mr. Li Liufa).

(2) Wan Qi is the legal and beneficial holder of these shares. Mr. Tang Ming Chien is deemed to be interested in the Shares held by Wan Qi by virtue of Wan Qi being controlled by Mr. Tang Ming Chien.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2013 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed above, no contract of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly subsisted at any time during the six months ended 30 June 2013.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the six months ended 30 June 2013, none of the Directors or controlling shareholders (as defined under the Listing Rules) of the Company was interested in any business which competes or is likely to compete (directly or indirectly) with the businesses of the Group.

During six months ended 30 June 2013, the controlling shareholders of the Company, namely, Mr. Li Liufa, Mr. Li Xuanyu, Yu Kuo, Yu Qi and Holy Eagle (collectively, the "Controlling Shareholders") and their respective associates have complied with the provisions of the non-competition deed entered into between the Company and the Controlling Shareholders on 9 December 2011 (the "Non-competition Deed").

Our independent non-executive Directors have reviewed the compliance with the Non-competition Deed based on information and confirmation provided by or obtained from the Controlling Shareholders and their respective associates, and were satisfied that the Controlling Shareholders and their associates have duly complied with the Non-competition Deed.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 12 December 2011. Pursuant to the Share Option Scheme, the Board may, at its discretion, invite all directors, any employee (whether full-time or part-time), any consultant or adviser of or to the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to the Company or the Group, to participate in the Share Option Scheme to subscribe for the ordinary shares of the Company. The period within which the options must be exercised shall be determined by the Directors at the time of grant and such period must expire no later than ten years from the date the offer has been made to the grantees (the "Option Period"). All outstanding options shall lapse when the expiry of the Option Period, the employment of the holder ceases or where the holder is no longer a member of the Group.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 30 percent of the shares in issue from time to time where there are options to be granted and yet to be exercised. The total number of shares issued and to be issued upon exercise of the options granted to each qualified person under the Share Option Scheme or any other share option schemes adopted by the Company in any 12 month period must not exceed one percent of the shares in issue. Any further grant of options which would result in the number of shares exceeding one percent requires a shareholders' approval with the relevant participant and its associates abstaining from voting.

During the six months ended 30 June 2013, no option has been granted under the Share Option Scheme.

CORPORATE GOVERNANCE AND OTHER IMPORTANT INFORMATION

CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2013, the Company met with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry with the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board has discussed with the Company's management and reviewed the interim results of the Group for the six months ended 30 June 2013.

INFORMATION ON CHANGE OF DIRECTORS DURING THE REPORTING PERIOD

Under Listing Rule 13.15(2), change of director's information is set our as follows:

Information on resigned and retired directors

Mr. Yu Yagang tendered his resignation as an executive director and chief financial officer of the Company with effect from 11 May 2013 due to his personal development. Mr. Yu Yagang confirmed that he has no disagreement with the Board and these are no matters in relation to his resignation that need to be brought to the attention of the shareholders of the Company. Mr. Li Heping and Mr. Liu Wenying retired as executive directors of the Company with effect from 26 April 2013. After their retirement as executive directors of the Company, Mr. Li Heping ceased to be the nomination committee member and Mr. Liu Wenying ceased to be the remuneration committee member and the authorized representative of the Company. Each of Mr. Li Heping and Mr. Liu Wenying has confirmed that he has no disagreement with the Board and there are no matters in relation to his retirement that need to be brought to the attention of the shareholders of the Company.

Information on appointment of directors and senior management

The Board has appointed Mr. Yang Yongzheng ("Mr. Yang") as an executive director, authorized representative and a member of the nomination committee of the Company; appointed Mr. Xu Wuxue ("Mr. Xu") as an executive director, chief financial officer and a member of the remuneration committee of the Company; and appointed Mr. Wang Delong ("Mr. Wang") as an executive director of the Company and also as the deputy chief executive officer of the Company. Mr. Yang, Mr. Xu and Mr. Wang have entered into service agreements with the Company, respectively, for a term of three years from 11 May 2013 subject to re-election.

The biographies of Mr. Yang, Mr. Xu and Mr. Wang are set out as follow:

Mr. Yang, aged 44, has extensive experience in the cement industry and is primarily responsible for the daily production and operation of the Group. Mr. Yang joined the Group in 2004, and has served as the deputy general manager of Shangqiu Tianrui Cement Company Limited (商丘天瑞水泥有限公司) and Dalian Tianrui Cement Company Limited (大連天瑞水泥有限公司), the general manager of Yingkou Tianrui Cement Company Limited (營口天瑞水泥有限公司) and the chairman and general manager of Liaoyang Tianrui Cement Company Limited (遼陽天瑞水泥有限公司) ever since. He was appointed as general manager of Tianrui Cement Company Limited ("Tianrui Cement") in 2012. Mr. Yang obtained his bachelor degree in Petroleum and Engineering from Henan University in 1991 and obtained his EMBA from Peking University in 2012. In June 2012, Mr. Yang was awarded "Advanced Worker in the Mining Industry and Building Material Industry of Small and Medium Enterprises in Liaoning Province" (遼寧省中小企業礦業建材行業先進工作者). Mr. Yang currently served as the vice president of China Cement Association.

Mr. Xu, aged 38, has 15 years of experience in finance and accounting. Mr. Xu joined the Group in 2006 and served as the deputy financial controller and head of the finance department of Tianrui Cement, and was appointed as the chief financial officer of Tianrui Cement on 9 January 2013. Before joining the Group, Mr. Xu served as an accountant of the finance department of Ruzhou Tongyong Casting Co., Ltd. (汝州市通用鑄造公司) and the deputy general manager and head of the finance department of Xingfeng Group Co., Ltd. (星峰集團有限責任公司). Mr. Xu graduated from Luoyang Industrial College (洛陽工業高等專科學校) majoring in finance in 1996.

Mr. Wang, aged 49, has extensive experience in finance and investment sectors. Mr. Wang joined the Group in February 2013 and was appointed as a director of Tianrui Cement. Before joining the Group, Mr. Wang was the chief editor of Henan Rural Financial Newspaper (河南農村金融時報), deputy director of Pingdingshan sub-branch of Agricultural Bank of China (中國農業銀行農行平頂山市分行), chief of risk control department of Henan branch of Agricultural Bank of China (農行河南省分行), director of Kaifeng branch of Agricultural Bank of China (農行開封市分行), deputy general manager of Beijing Zehua Investment Group (北京澤華投資集團), chairman of the board of Henan Qingan Chemical High-tech Co., Ltd. (河南慶安化工高科技股份有限公司), a subsidiary of Beijing Zehua Investment Group, chairman of Zhejiang Qingan Chemical Co., Ltd. (浙江慶安化工有限公司), and chairman of Zhejiang Jiaxing Storage Terminal Co., Ltd. (浙江嘉興倉儲碼頭有限公司). In 1999, Mr. Wang graduated with a bachelor degree in political economics from the Zhengzhou University. Mr. Wang is a senior economist.

INTERIM DIVIDEND

The Directors did not recommend to declare any interim dividend for the six months ended 30 June 2013.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's interim report for the six months ended 30 June 2013 will be published on the website of The Stock Exchange of Hong Kong Limited and the Company's website at http://www.trcement.com and will be dispatched to the Company's shareholders in due course.

	Notes	Six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Revenue	4, 5	**3,722,302**	3,708,491
Cost of sales		**(2,919,097)**	(2,797,943)
Gross profit		**803,205**	910,548
Other income		**209,753**	188,333
Selling and distribution expenses		**(150,219)**	(117,226)
Administrative expenses		**(131,736)**	(152,492)
Other expenses		**(7,828)**	(1,761)
Finance costs	6	**(342,015)**	(302,718)
Profit before tax		**381,160**	524,684
Income tax expenses	7	**(104,660)**	(129,550)
Profit and total comprehensive income for the period	8	**276,500**	395,134
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**283,258**	401,536
Non-controlling interests		**(6,758)**	(6,402)
		276,500	395,134
Earnings per share			
Basic (RMB)	10	**0.12**	0.17

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**12,016,953**	11,062,558
Deposits paid	12	**522,980**	144,209
Prepaid lease payments		**740,776**	696,340
Mining rights		**218,417**	219,536
Goodwill		**182,248**	18,964
Other intangible assets		**8,585**	9,036
Interest in an associate		**—**	—
Deferred tax assets	21	**45,651**	37,360
		13,735,610	12,188,003
CURRENT ASSETS			
Inventories		**1,374,265**	1,140,232
Trade and other receivables	13	**3,251,998**	2,454,522
Amounts due from a related party	26a	**1,834**	3,989
Restricted bank balances	14	**1,857,319**	2,499,873
Cash and bank balances	15	**502,332**	553,677
		6,987,748	6,652,293
CURRENT LIABILITIES			
Trade and other payables	16	**3,380,526**	4,382,843
Amounts due to a related party	26b	**13,051**	500
Income tax payable		**64,952**	78,876
Short term debenture	17	**1,600,000**	1,000,000
Borrowings - due within one year	18	**4,583,385**	4,902,903
Obligations under finance leases		**46,727**	45,175
		9,688,641	10,410,297
NET CURRENT LIABILITIES		**2,700,893**	3,758,004
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,034,717**	8,429,999

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
CAPITAL AND RESERVES			
Issued capital	22	**19,505**	19,505
Reserves		**3,290,080**	3,290,080
Retained earnings		**3,297,237**	3,013,979
Equity attributable to owners of the Company		**6,606,822**	6,323,564
Non-controlling interests		**127,176**	19,896
TOTAL EQUITY		**6,733,998**	6,343,460
NON-CURRENT LIABILITIES			
Borrowings - due after one year	18	**464,000**	661,000
Mid-term debenture	19	**1,400,000**	1,000,000
Long-term corporate bonds	20	**2,000,000**	—
Other payables		**23,062**	20,250
Deferred tax liabilities	21	**48,980**	18,298
Deferred income		**198,409**	191,221
Obligations under finance leases		**160,585**	184,286
Provision for environmental restoration		**5,683**	11,484
		4,300,719	2,086,539
		11,034,717	8,429,999

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company									
	Issued capital	Share premium	Capital reserve	Statutory reserve fund	Other reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 22)		(note i)	(note ii)	(note iii)	(note iv)				
At 1 January 2012 (audited)	19,505	1,251,325	789,990	283,753	835,046	31,768	2,304,573	5,515,960	38,650	5,554,610
Profit for the period and total comprehensive income for the period	—	—	—	—	—	—	401,536	401,536	(6,402)	395,134
At 30 June 2012 (unaudited)	19,505	1,251,325	789,990	283,753	835,046	31,768	2,706,109	5,917,496	32,248	5,949,744
At 1 January 2013 (unaudited)	**19,505**	**1,275,536**	**789,990**	**357,740**	**835,046**	**31,768**	**3,013,979**	**6,323,564**	**19,896**	**6,343,460**
Profit for the period and total comprehensive income for the period	—	—	—	—	—	—	**283,258**	**283,258**	**(6,758)**	**276,500**
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	**114,038**	**114,038**
At 30 June 2013 (unaudited)	**19,505**	**1,275,536**	**789,990**	**357,740**	**835,046**	**31,768**	**3,297,237**	**6,606,822**	**127,176**	**6,733,998**

Note:

i. Capital reserve represents the excess of capital injection over the registered capital of Tianrui Group Cement Company Limited (the "Tianrui Cement").

ii. According to the relevant requirements in the memorandum of the People's Republic of China (the "PRC") subsidiaries, a portion of their profits after taxation is transferred to statutory reserve fund. The transfer to this fund must be made before the distribution of dividend to the equity owners. The statutory reserve fund can be used to make up previous years' losses, if any. The statutory reserve fund is non-distributable other than upon liquidation.

iii. Pursuant to an equity transfer agreement with non-controlling interest of a subsidiary, Tianrui Cement acquired the remaining interest in a subsidiary at a consideration of RMB3,000,000 in 2010. Other reserve represents the difference between the consideration paid by Tianrui Cement and the carrying amount of non-controlling interests being acquired. In addition, it also includes the reserve arising from the reorganization completed on 8 April 2011.

iv. The revaluation reserve represents the revaluation surplus of previously held interests in associates of Tianrui Cement recognized directly in equity when Tianrui Cement acquired additional interests in those entities and obtained control.

v. The China Tianrui Group Cement Company Limited (the "Company") was incorporated on 7 February 2011 and became the ultimate holding company of Zhong Yuan Cement Company Limited ("Zhong Yuan Cement") and China Tianrui (Hong Kong) Company Limited ("Tianrui HK") and Tianrui Cement and its subsidiaries (collectively referred to as the "Group") on 8 April 2011. As part of reorganization, Yu Kuo Company Limited applied a bridging loan in the net amount of USD87,433,333 to pay up 474,526 shares. The amount of USD87,433,333 (equal to approximately RMB565,516,000) in excess of the par value of 474,526 shares was recognized in share premium upon the completion of the reorganization on 8 April 2011.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Net cash generated from operating activities	**152,763**	976,121
Investing activities		
Interest received	**31,139**	11,154
Acquisition of subsidiaries	**(431,089)**	—
Addition of property, plant and equipment	**(1,027,354)**	(494,409)
Addition of prepaid lease payments	**(8,126)**	—
Proceeds from disposal of property, plant and equipment	**3,151**	3,974
Acquisition of mining rights	**(3,561)**	(7,368)
Proceeds from disposal of available-for-sale investment	**—**	4,005
Deposits paid for acquisition business, property, plant and equipment and prepaid lease payments	**(378,771)**	(5,289)
Decrease in restricted bank balances	**642,554**	576,916
Net cash from (used in) investing activities	**(1,172,057)**	88,983
Financing activities		
Interest paid	**(344,084)**	(352,603)
Repayment of borrowings	**(2,517,635)**	(2,074,308)
New borrowings raised	**2,279,850**	737,731
Proceed from inception of finance lease	**—**	250,000
Repayment of finance lease obligations	**(22,149)**	—
Proceeds from bills discounted by the Group	**89,605**	175,463
Settlement of bills discounted by the Group	**(382,338)**	(430,648)
Proceeds from bills payables raised	**476,700**	660,000
Settlement of bills payables	**(1,612,000)**	(590,000)
Issuance of long-term company debt	**2,000,000**	—
Issuance of mid-term debenture	**400,000**	200,000
Issuance of short-term debenture	**1,600,000**	1,000,000
Repayment of short-term debenture	**(1,000,000)**	(500,000)
Net cash from (used in) financing activities	**967,949**	(924,365)
Increase (decrease) in cash and cash equivalents	**(51,345)**	140,739
Cash and cash equivalents at beginning of year	**553,677**	232,480
Cash and cash equivalents at end of the year represented by cash and bank balances	**502,332**	373,219

1. GENERAL INFORMATION

China Tianrui Group Cement Company Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 February 2011. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 23 December 2011. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at No. 63, Guangcheng East Road, Ruzhou City, Henan 467500, the PRC.

The Company is an investment holding Company. The principal activities of its subsidiaries are manufacture and sale of cement and clinker.

The condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIATED FINANCIAL STATMENTS

As at 30 June 2013 the Group's current liabilities exceeded its current assets by RMB2,700,893,000. The Group's current liabilities mainly included trade and other payables, short term debenture and borrowings.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The condensed consolidated financial statements have been prepared on a going concern basis. In the opinion of the directors of the Company, the Group should be able to continue as a going concern in the coming twelve months taking into consideration of various measures to improve its financial position which include, but are not limited to, the following:

(i) Banking facilities of RMB2,116,150,000 in aggregate are available which are obtained before 30 June 2013.

(ii) On 9th August 2013, the Group completed an issuance of mid-tern debenture in an aggregate principal amount of RMB400,000,000 with a term of three years and a rate of 7% per annum.

Taking into account of the aforesaid presently available banking facilities, and internally generated funds of the Group, the directors of the Company are satisfied that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future and therefore the condensed consolidated financial statements are prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group' s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are mandatorily effective for the current interim period.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as revised in 2011) together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding the transitional guidance. IAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The application of the new or revised IFRSs in the current interim period has had no material effect on the amounts and/or disclosures reported in these condensed consolidated financial statements.

4. REVENUE

Revenue represents the amount received and receivable for goods sold to external customers, net of sales tax.

An analysis of the Group's revenue for the period is as below:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of cement	**3,433,125**	3,199,716
Sales of clinker	**289,177**	508,775
	3,722,302	3,708,491

5. SEGMENT INFORMATION

Segment information has been identified on the basis of internal management reports, which are regularly reviewed by the chief executive officer (being the chief operating decision maker) in order to allocate resources to the operating segments and to assess their performance.

The Group's chief executive officer reviews the operating results and financial information of each manufacturing plant for the purposes of resource allocation and performance assessment. Hence, each manufacturing plant is an operating segment. The nature of products, production process of each manufactory plant is the same and they are operated under similar regulatory environment and applied similar distribution methods. However, customers in different regions are of different economic characteristics. Therefore, the Group has aggregated the operating segments and presented the following two reportable segments based on the regions in which the Group operates: Central China and Northeast China.

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

	Segment revenue Six months ended 30 June		Segment profit Six months ended 30 June	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Central China	**2,797,276**	2,683,572	**277,939**	425,383
Northeastern China	**925,026**	1,024,919	**122,915**	116,063
Total	**3,722,302**	3,708,491	**400,854**	541,446
Unallocated corporate administrative expenses			**(19,694)**	(16,762)
Profit before taxation			**381,160**	524,684

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit before taxation without allocation of unallocated corporate administrative expenses including directors' emoluments.

6. FINANCE COSTS

	Six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	**153,276**	214,523
Finance lease	**7,856**	8,855
Other payables	**—**	836
Bills discounted with recourse	**39,434**	60,149
Short term debenture	**28,239**	24,507
Mid-term debenture	**57,226**	11,921
Long-term corporate debt	**57,589**	—
Imputed interest on other payables	**464**	464
	344,084	321,255
Less: amounts capitalized	**(2,069)**	(18,537)
	342,015	302,718

The borrowing costs on general borrowing pool capitalized are calculated by applying capitalization rate of 7.23% per annum for the period ended 30 June 2013 (2012: 6.94% per annum).

7. INCOME TAX EXPENSES

	Six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
PRC Enterprise Income Tax ("EIT")		
– current year	**108,912**	133,519
– under-provision in prior years	**4,039**	422
	112,951	133,941
Deferred tax (Note 21)	**(8,291)**	(4,391)
	104,660	129,550

No provision for Hong Kong taxation has been made during the current interim period as the Group's income neither arisen nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "PRC EIT Law") and Implementation Regulation of the PRC EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to Ping Guo Shui Han 2007 No. 59 issued by the State Administration of Taxation at Pingdingshan, Henan province, the PRC, Tianrui Cement was entitled to an exemption from EIT in year 2007 and 2008, followed by a 50% relief for year 2009 to 2011. The tax concession has expired.

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**311,668**	277,635
Amortization of prepaid lease payments	**6,373**	6,322
Amortization of mining rights, included in cost of sales	**4,680**	6,490
Amortization of other intangible assets	**451**	—
Total depreciation and amortization	**323,172**	290,447
Cost of inventories recognized as an expense	**2,919,097**	2,797,943
Staff costs including retirement benefit	**165,693**	122,339
Reversal for bad and doubtful debts, included in other expenses	**(2,030)**	(12,985)
Gain on disposal of property, plant and equipment	**(857)**	(625)
Value Added Tax refund	**(101,242)**	(99,626)
Incentive subsidies	**(2,526)**	(30,569)
Gain on sales of scrap	**(11,870)**	(12,833)
Interest income	**(31,139)**	(11,154)

9. DIVIDENDS

No dividends were paid, declared or proposed during the current and prior interim periods. The directors have determined that no dividend will be paid in respect of the current interim period.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company for the each of reporting period is based on the following data:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company (in thousands)	**283,258**	401,536
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share (in thousands)	**2,400,900**	2,400,900

No diluted earnings per share is presented as the Company did not have any potential ordinary shares outstanding.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB2,294,000 (six-months ended 30 June 2012: RMB3,349,000), for cash proceeds of RMB3,151,000 (six-months ended 30 June 2012: RMB3,974,000), resulting in a gain on disposal of RMB857,000 (six-months ended 30 June 2012: RMB625,000).

In addition, during the current interim period, the Group paid approximately RMB1,127,354,000 (six-months ended 30 June 2012: RMB494,409,000) mainly for acquisition and construction of clinker production lines in order to expand the manufacturing capacity of the Group.

The carrying amounts of buildings, which the application to obtain the ownership certificates is still in process, are approximately RMB835,207,000 as at 30 June 2013 (31 December 2012: RMB819,937,000).

12. DEPOSITS PAID

As at 30 June 2013 and 31 December 2012, amounts represented deposits paid for acquisition of business, and acquiring property, plant and equipment and land use rights.

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Trade receivables	**437,728**	281,935
Less: allowances for bad and doubtful debts	**23,922**	25,952
	413,806	255,983
Bills receivables	**985,315**	491,327
Advance to suppliers	**1,462,330**	1,403,769
Value Added Tax refund receivables	**83,301**	58,816
Prepayment for various tax	**117,640**	94,202
Prepaid lease payments	**12,745**	15,015
Other receivables	**176,861**	135,410
	3,251,998	2,454,522

Bills receivables amounted to RMB89,605,000 as at 30 June 2013 (31 December 2012: RMB422,949,000) were discounted to banks to obtain borrowings.

Generally, the Group did not make credit sales to customers, except for sales made to major construction contractors and strategic customers with an average credit period of 180 days.

13. TRADE AND OTHER RECEIVABLES (Cont'd)

The aged analysis of the Group's trade receivables and bills receivables (net of allowances) from the goods delivery date at the end of each reporting period is as follows:

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Within 90 days	1,137,830	510,523
91-180 days	168,359	175,261
181-360 days	79,097	51,282
Over 1 year	13,835	10,244
Total	1,399,121	747,310

Before accepting any new credit customers, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit period attributed to customers are reviewed on a customer by customer basis. Over 90% of trade receivable and bills receivable that are neither past due nor impaired are regarded as customers with good credit quality under the internal assessment process used by the Group.

14. RESTRICTED BANK BALANCES

Restricted bank balances represent deposits pledged to banks as at 30 June 2013 for (i) securing bank borrowings granted to the Group amounting to RMB380,000,000, and (ii) issuing trade facilities such as bills payable and bankers' guarantee amounting to RMB1,477,319,000.

Restricted bank balances represent deposits pledged to banks as at 31 December 2012 for (i) securing bank borrowings granted to the Group amounting to RMB925,000,000, and (ii) issuing trade facilities such as bills payable and bankers' guarantee amounting to RMB1,574,873,000.

The restricted bank balances carry market interest rate of 2.80% to 3.33% per annum as at 30 June 2013 (31 December 2012: 2.80% to 3.50% per annum).

15. CASH AND BANK BALANCES

The amounts represent cash and bank balances held by the Group. As at 30 June 2013, bank balances carry interest at market rates of 0.01% and 0.5% per annum (31 December 2012: 0.01% and 0.5% per annum).

16. TRADE AND OTHER PAYABLES

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Trade payables	710,090	1,752,503
Bills payables	1,801,400	1,757,000
Construction cost and retention payable	280,319	388,229
Advances from customers	418,050	181,083
Other tax payables	9,474	62,617
Other payables - current	10,114	18,514
Payables for mining rights	8,300	8,300
Other payables and accrued expenses	142,779	214,597
	3,380,526	4,382,843

The average credit period on purchases of goods is 90 days.

The aged analysis of the Group's trade and bills payable from the goods receipt date as at the end of each reporting period is as follows:

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Within 1-90 days	1,584,103	1,889,559
91-180 days	788,663	1,566,530
181-365 days	112,051	39,897
Over 1 year	26,673	13,517
Total	2,511,490	3,509,503

17. SHORT TERM DEBENTURE

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Short term debenture	1,600,000	1,000,000

The amounts as at 31 December 2012 represented the short term debentures of RMB1,000,000,000 which included the third tranche of short term debentures of RMB500,000,000 issued on 16 January 2012 and the fourth tranche of short term debentures of RMB500,000,000 issued on 27 April 2012 through the lead underwriter, China Guangfa Bank Company Limited, with maturity of one year respectively. These two tranches of short term debentures carry interest at fixed rates of 8.48% and 5.15% per annum, respectively.

17. SHORT TERM DEBENTURE (Cont'd)

The amounts as at 30 June 2013 represented the short term debentures of RMB1,600,000,000 which included the fifth tranche of short term debentures of RMB600,000,000 issued on 1 February 2013, the sixth tranche of short term debentures of RMB500,000,000 issued on 27 April 2013 and the seventh tranche of short term debentures of RMB500,000,000 issued on 21 May 2013 through the lead underwriter, China Guangfa Bank Company Limited, with maturity of one year respectively. These three tranches of short term debentures carry interest of fixed rates of 4.77%, 4.70% and 4.64%, respectively.

18. BORROWINGS

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Bank borrowings		
– fixed-rate	2,135,500	2,407,700
– variable-rate	2,822,280	2,773,865
	4,957,780	5,181,565
Bank borrowing relating to bills discounted with resources	89,605	382,338
	5,047,385	5,563,903
Secured	1,420,605	2,236,075
Unsecured	3,626,780	3,327,828
	5,047,385	5,563,903

The borrowings are repayable as follows:

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
On demand or within one year	4,583,385	4,902,903
More than one year, but not exceeding two years	315,000	476,000
More than two years, but not exceeding five years	149,000	185,000
	5,047,385	5,563,903
Less: Amount due within one year shown under current liabilities	(4,583,385)	(4,902,903)
Amount due after one year	464,000	661,000

During the current interim period, the Group obtained new bank loans amounting to RMB1,506,605,000 (30 June 2012: RMB737,731,000). The loans carry interest at variable market rates of 4.5% to 11.16% (30 June 2012: 6.1% to 11.16%).

19. MID-TERM DEBENTURE

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Mid-term debenture	**1,400,000**	1,000,000

The amounts as at 30 June 2013 represented the issuance of mid-term debentures of RMB300,000,000 on 6 December 2011, RMB200,000,000 on 9 May 2012, RMB500,000,000 on 18 September 2012 and RMB400,000,000 on 2 April 2013 with maturity of three years, carrying fixed interest rate at 8.4%, 5.8%, 5.9% and 7.0% per annum respectively.

20. LONG-TERM CORPORATE BONDS

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Long-term corporate bonds	**2,000,000**	—

The amounts as at 30 June 2013 represented the issuance of long-term corporate bonds in an aggregate principal amount RMB2,000,000,000 on 6 February 2013, with a term of eight years and a rate of 7.10% per annum. This long-term corporate bonds are jointly and severally guaranteed by Tianrui Group Foundry Company Limited (天瑞集團鑄造有限公司) ("Tianrui Foundry") and Tianrui Group Travel Development Company Limited (天瑞集團旅遊發展有限公司) ("Tianrui Travel"). The guarantees has been provided at no cost to Tianrui Cement.

21. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognized by the Group, and the movements thereon, during the period:

	Allowance on inventories and trade and other receivables RMB'000	Depreciation on property, plant, equipment and prepaid lease payments RMB'000	Imputed interest on other payables RMB'000	Tax losses RMB'000	Others RMB'000 (note)	Total RMB'000
At 1 January 2012 (audited)	10,316	(26,095)	(716)	—	7,558	(8,937)
Credit to profit or loss for the period	(5,303)	386	116	5,301	3,891	4,391
At 30 June 2012 (unaudited)	5,013	(25,709)	(600)	5,301	11,449	(4,546)
At 1 January 2013 (audited)	8,418	(24,925)	(484)	19,160	16,893	19,062
Acquisition of subsidiaries	—	(30,682)	—	—	—	(30,682)
Credit to profit or loss for the period	(2,298)	440	116	10,535	(502)	(8,291)
At 30 June 2013 (unaudited)	6,120	(55,167)	(368)	29,695	16,391	(3,329)

Note: Others mainly represented the deferred tax assets arising from start-up costs and provision for environmental restoration, and deferred income in respect of asset-related government grants.

21. DEFERRED TAXATION (Cont'd)

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Deferred tax assets	**45,651**	37,360
Deferred tax liabilities	**(48,980)**	(18,298)
	(3,329)	19,062

At 30 June 2013, the Group has unused tax losses of approximately RMB131,925,000 (31 December 2012: RMB89,785,000) available for offset against future profits. A deferred tax asset has been recognized in respect of RMB118,780,000 (31 December 2012: RMB76,640,000) of such losses. No deferred tax asset has not been recognized in respect of the remaining RMB13,145,000 (31 December 2012: RMB13,145,000) due to unpredictability of future profit streams in respective subsidiaries.

Under the PRC EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profit of the PRC subsidiaries amounting to RMB3,837,588,000 as at 30 June 2013 (31 December 2012: RMB3,528,138,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. ISSUED CAPITAL

The Company

	Number of shares	Share capital	
		HK$'000	RMB'000
Ordinary share of HK$0.01 each:			
Authorised			
On incorporation	38,000,000	380	316
Additions (Note d)	9,962,000,000	99,620	80,754
At 31 December 2012 and 30 June 2013	10,000,000,000	100,000	81,070
Issued			
On incorporation (Note a)	1	—	—
Issued on 21 February and 2 April 2011 (Note b)	474,999	5	4
Issued on 2 April 2011 (Note c)	525,000	5	4
As at 30 June 2011	1,000,000	10	8
Issued on 23 December 2011(Note e)	1,999,000,000	19,990	16,240
Issued on 23 December 2011(Note f)	400,900,000	4,009	3,257
As at 31 December 2012 and 30 June 2013	2,400,900,000	24,009	19,505

Notes:

(a) On 7 February 2011, one subscriber share was issued to the Company's subscriber, Yu Kuo Company Limited ("Yu Kuo"), at par value;

(b) On 21 February 2011, the Company issued 473 shares to Yu Kuo in exchange for the 100% equity interests in Zhong Yuan Cement Company Limited ("Zhong Yuan Cement") and on 2 April 2011, issued 474,526 shares to Yu Kuo at a consideration of USD87,433,333;

(c) On 2 April 2011, the Company issued 525,000 shares to other shareholders of Tianrui Cement for acquiring their respective interests in Tianrui Cement;

(d) On 12 December 2011, the Company increased the authorized share capital of the Company from HK$380,000 divided into 38,000,000 shares of HK$0.01 each by the creation of an additional 9,962,000,000 shares of HK$0.01 each;

(e) On 23 December 2011, the Company allotted and issued a total of 1,999,000,000 shares (the "Capitalization Shares"), credited as fully paid by par, to holders of shares whose names appeared on the principal register of members of the Company in proportion to their then existing shareholders in the Company, by way of capitalization of HK$19,990,000 standing to credited of the share premium accounted of the Company and applying such sum of HK$19,990,000 in paying up in full at par 1,999,000,000 shares for such allotment and issue. The new shares rank pari passu with the existing shares in all respects;

(f) On 23 December 2011, the Company issued 409,000,000 shares of HK$0.01 each for cash pursuant to the initial public offering at the price of HK$2.41 each. The new shares rank pari passu with the existing shares in all respects.

22. ISSUED CAPITAL (Cont'd)

The Group

For the purpose of the preparation of the condensed consolidated statements of financial position, the balances of paid-in capital as at 1 January 2011 represented the paid-in capital of Tianrui Cement amount to RMB1,397,135,000. Pursuant to the reorganization completed on 8 April 2011, the Company became the holding company comprising the Group. The issued capital as at 31 December 2012 and 30 June 2013 represents the issued share capital of the Company.

23. PLEDGE OF ASSETS

As at the end of the reporting period, the carrying amount of the assets of the Group pledged to secure the bank borrowings granted to the Group is analyzed as follows:

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Property, plant and equipment	**1,558,804**	1,611,588
Prepaid lease payments	**206,018**	209,842
Mining rights	**65,538**	111,935
Bill receivables	**89,605**	422,949
Restricted bank balances	**380,000**	925,000
	2,299,965	3,281,314

24. CAPITAL COMMITMENTS

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Capital expenditure of the Group in respect of acquisition of property, plant and equipment		
– contracted for but not provided in the condensed consolidated financial statements	**117,350**	415,127
– authorized but not contracted for	**546,604**	178,900

25. OPERATING LEASE COMMITMENTS

The Group as lessee

The rental payment paid for the period ended 30 June 2013 amounted to approximately RMB900,000 (six-months ended 30 June 2012: RMB900,000) are paid for certain of its office properties.

As at 30 June 2013, the Group had commitments for future minimum lease payments in respect of rented premises which fall due as follows:

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Within one year	**17,521**	17,521
In the second to fifth year inclusive	**62,883**	58,800
Over five years	**8,080**	8,517
	88,484	84,838

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average terms of one year and rental are fixed throughout the lease term.

26. RELATED PARTY DISCLOSURES

(a) Amount due from a related party

Trade in nature

	Note	**At 30 June 2013 RMB'000 (unaudited)**	At 31 December 2012 RMB'000 (audited)
Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	**1,834**	3,989

The Group makes credit sales to this related party with a maximum credit period of 180 days.

The aged analysis of the Group's amounts due from a related party (trade in nature) from the goods delivery date as at the end of each reporting period is as follows:

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Within 90 days	**1,834**	3,989

26. RELATED PARTY DISCLOSURES (Cont'd)

(b) Amount due to a related party

	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Trade in nature	12,551	—
Non-trade in nature	500	500
	13,051	500

Trade in nature

	Note	At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	12,551	—

The average credit period offered by the above related party is 90 days.

Non-trade in nature

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	500	500

26. RELATED PARTY DISCLOSURES (Cont'd)

(c) Apart from above, during the period, the Group had the following significant transactions with the related parties.

Nature of transaction	Name of related company	Notes	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Purchase of goods	Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	**61,615**	238
	Pingdingshan Ruiping Power Company Limited (平頂山市瑞平煤電有限公司)	ii	**128**	83
			61,743	321
Office rental expenses	Tianrui Group Company Limited (天瑞集團有限公司)		**900**	900
Sales of goods	Ruzhou Tianrui Coking Company Limited (汝州天瑞煤焦化有限公司)	ii	**1,428**	3,330
	Pingdingshan Ruiping Coal & Electricity Company Limited (平頂山市瑞平煤電有限公司	ii	**1,184**	1,234
	RuZhouShi General Old Metal Recycling Company Limited (汝州市通用廢舊金屬回收有限公司)	ii	—	168
	Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	**38**	79
			2,650	4,811

Notes:

i. An associate of the Group;

ii. Subsidiaries of Tianrui Group Company Limited (天瑞集團有限公司) which is controlled by Mr. Li Liufa, who has significant influence over the Group.

26. RELATED PARTY DISCLOSURES (Cont'd)

(d) Remuneration to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly including directors of the Group. The key management personnel compensations are as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Salary	**2,542**	4,131
Retirement benefits	**77**	48
	2,619	4,179

27. CONTINGENT LIABILITIES

	At 30 June	At 31 December
	2013	2012
	RMB'000	RMB'000
Guarantees given to banks in respect of banking facilities granted to:		
– Third party	**33,300**	40,000
	33,300	40,000

As at 30 June 2013 and 31 December 2012, the management considers the risk of the contingent liabilities are remote and no financial guarantee liabilities have been recognized.