



China National Materials Company Limited

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

Materials Bring a Prosperous Life 2015 Interim Report



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Corporate Information

As at 30 June 2015

DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

LEUNG Chong Shun
LU Zhengfei
WANG Shimin
ZHOU Zude

SUPERVISORS

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

STRATEGY COMMITTEE

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

AUDIT COMMITTEE

LU Zhengfei (*Chairman*)
WANG Shimin
YU Shiliang

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

LIU Zhijiang (*Chairman*)
WANG Shimin
ZHOU Zude

SECRETARY OF THE BOARD

GU Chao

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

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

Corporate Information

As at 30 June 2015

REGISTERED OFFICE AND PLACE OF BUSINESS

11 Beishuncheng Street
Xizhimennei
Xicheng District
Beijing 100035, the PRC

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

PLACE OF BUSINESS IN HONG KONG

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

STOCK CODE

01893

LEGAL ADVISORS

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

COMPANY WEBSITE

<http://www.sinoma-ltd.cn>

AUDITORS

Hong Kong auditor
SHINEWING (HK) CPA Limited

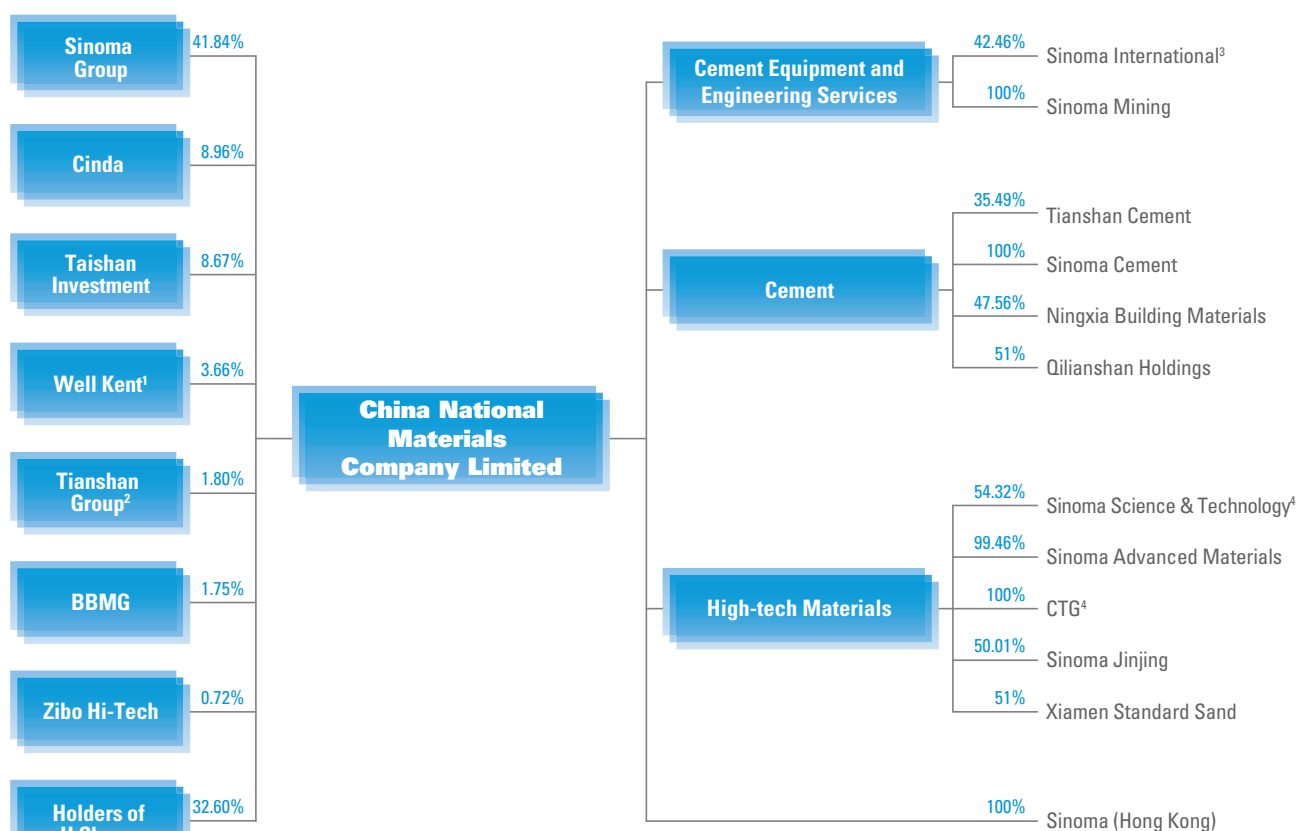
INVESTOR CONTACT

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

PRC auditor
ShineWing Certified Public Accountants LLP

Corporate Structure

As at 30 June 2015



Notes:

- Well Kent is a wholly-owned subsidiary of Cinda.
- Sinoma Group holds 50.95% equity interest in Tianshan Group.
- On 29 May 2015, Sinoma International resolved to acquire 100% equity interest in Anhui Jieyuan Environmental Protection Technology Co., Ltd., which shall be satisfied by issuance of 76,208,025 consideration shares. It also resolved to issue no more than 64,516,129 subscription shares by way of non-public offer. Upon the completion of the issuance of the aforesaid consideration shares and subscription shares, Sinoma International will be owned as to 37.62% by the Company and will continue to be a subsidiary of the Company. Details of the transactions are set out in the announcement of the Company dated 29 May 2015 on the websites of the Hong Kong Stock Exchange and the Company.
- On 21 August 2015, the Company resolved to dispose 100% equity interest in CTG to Sinoma Science & Technology, which will be satisfied by issuance of approximately 240,804,152 consideration shares by Sinoma Science & Technology to the Company. Upon completion of the aforesaid disposal and acquisition of consideration shares, CTG will continue to be a subsidiary of the Company through Sinoma Science & Technology. Sinoma Science & Technology also resolved to issue by way of non-public offer no more than 171,195,848 subscription shares. Upon the completion of the issuance of the aforesaid consideration shares and subscription shares, Sinoma Science & Technology will be owned as to 56.42% by the Company and will continue to be a subsidiary of the Company. Details of the transactions are set out in the announcement and circular of the Company dated 21 August 2015 and 25 August 2015, respectively on the websites of the Hong Kong Stock Exchange and the Company.

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

Financial Summary

	Six months ended 30 June		
	2015	2014	Change
	RMB million	RMB million	%
	(Unaudited)	(Unaudited)	
Revenue	23,091.22	25,408.52	(9.12)
Profit for the period	422.24	863.62	(51.11)
Profit attributable to owners of the Company	447.32	371.94	20.27
Basic earnings per Share (RMB)	0.125	0.104	20.19

	As at	As at	Change
	30 June 2015	31 December 2014	%
	RMB million	RMB million	
	(Unaudited)	(Audited)	
Total assets	102,890.09	99,904.60	2.99
Total liabilities	70,706.91	68,884.41	2.65
Equity attributable to owners of the Company	14,766.35	13,819.80	6.85
Equity per Share (RMB)	4.13	3.87	6.72

Business Summary

CEMENT EQUIPMENT AND ENGINEERING SERVICES

	Six months ended 30 June		
	2015	2014	Change %
Amount of new order intakes (RMB million)	12,789	12,867	-0.61
	As at 30 June 2015	As at 31 December 2014	Change %
Amount of backlog (RMB million)	59,919	58,280	2.81

CEMENT

	Six months ended 30 June		
	2015	2014	Change %
Sales volume of cement ('000 tonnes)	31,088	33,758	-7.91
Sales volume of clinker ('000 tonnes)	4,073	4,326	-5.85

HIGH-TECH MATERIALS

	Six months ended 30 June		
	2015	2014	Change %
Sales volume of glass fiber and products ('000 tonnes)	252	220	14.55
Sales volume of fan blades for wind power generator (set)	1,701	772	120.34
Sales volume of solar-energy fused silica crucibles (unit)	44,127	24,654	78.99
Sales volume of natural gas cylinders (unit)	57,400	132,781	-56.77

Chairman's Statement

Dear shareholders,

On behalf of the Board, I report to the shareholders the interim report of the Group for the six months ended 30 June 2015.

The first half of 2015 witnessed complex and fierce competition in global finance, trade and geopolitics due to the continuing profound post-crisis correction cycle of the world political and economic landscape featuring “slow growth, uneven development and high risks”. Domestic economy entered into the new normal status and the pressure of economic downturn still persisted attributable to the continuing impacts of “three stages of the economic cycle”, the shaping of new development model and growth momentum, and the combination of structural and cyclical contradictions. The building material industry faced unfavorable situation of overcapacity, insufficient demand and decreasing price in its major products. To cope with various difficulties and challenges, the Company stepped up reform, strengthened innovation, accelerated the adjustment of industrial structure and the transformation and upgrading, improved management capability and enhanced development quality, thus maintaining stable production and operation of the Company by increasing revenues and efficiency while reducing expenses and costs.

During the reporting period, revenue of the Group was RMB23,091.22 million, representing a year-on-year decrease of 9.12%; profit for the period was RMB422.24 million, representing a year-on-year decrease of 51.11%; profit for the period attributable to owners of the Company was RMB447.32 million, representing a year-on-year increase of 20.27%; earnings per share amounted to RMB0.125.

CEMENT EQUIPMENT AND ENGINEERING SERVICES

During the reporting period, the market competition was further intensified under the impact of unfavorable factors including sluggish global economic growth, adjustment of domestic economic structure and slower growth of fixed asset investment. The segment continued to step up market development efforts while improving equipment manufacturing and increasing market share by expediting the integration of internal and external resources as well as the adjustment of industrial structure, penetrating into new business fields, introducing innovative business models, and capitalizing on its brand and technology strengths. During the reporting period, the new order intake decreased by 0.61% year-on-year to RMB12,789 million, of which the new order intake from overseas markets amounted to RMB9,249 million, representing a year-on-year increase of 14.07%. As at 30 June 2015, the backlog order amounted to RMB59,919 million.

CEMENT

In face of the unfavorable situations including overcapacity in domestic cement industry, slower growth of fixed asset investment, downturn of property industry and the negative demand growth in cement during the reporting period, the segment implemented prudent development strategies by accelerating the elimination of backward production capacity and the technology improvement to constantly promote energy conservation and emission reduction of the existing production lines, and by reinforcing cost management and expanding the scope of centralized bidding and procurement to improved cost efficiency, resulting in a decrease by 4.92% in the costs per tonne of cement produced. While consolidating its influence and dominance in regional markets, the segment proactively identified investment opportunities in overseas cement projects, and accomplished the preliminary preparation of a number of projects.

Chairman's Statement

HIGH-TECH MATERIALS

Seizing favorable opportunities arising from the recovery of wind power fan blade and glass fiber markets during the reporting period, the segment continued to step up market expansion, proactively adjusted product mix and strengthened cost control so as to improve its competitiveness and profitability. During the reporting period, the sales volume and sales revenue of wind power fan blade recorded a year-on-year increase of 120.34% and 142.71% respectively. The sales volume and sales revenue of glass fiber and products recorded a year-on-year increase of 14.55% and 24.67% respectively, while the costs per tonne of glass fiber produced reduced by RMB341.

PROSPECTS

The complex and challenging business environment faced by the Company will persist in the second half of 2015. The positive influence, including the maintenance of China's economic growth within a reasonable range, the further improvement in the quality of economic development, the orderly adjustment of economic structure, the shaping of new economic growth points, the vigorous promotion of multiple reforms, and the accelerated implementation of national strategies such as the "Three Major Strategies," the "Four Major Sectors" and "Made in China 2025", will create favorable long-term expectations for stabilized growth and structural adjustment. The first half of the year witnessed the approval of several batches of major projects by the National Development and Reform Commission and a series of interest rate and reserve requirement reduction by the People's Bank of China. As 2015 is the final year of the "Twelfth Five-year Plan", it is expected that new measures will be adopted in relation to investment facilitation and easy monetary policies in the second half of the year, driving the development of the building materials industry particularly the cement sector and creating favorable conditions for market expansion and lowering financing cost. The Company will accelerate the industrial transformation and upgrading by promoting the "three transformations", and implement innovation-driven development strategy by increasing investment in technology, vigorously promoting the "four integrations" and innovating management and operations models. Capitalizing on its advantages, the Company will accelerate the implementation of globalization strategy to actively respond to and carry out the national strategy of "One Belt, One Road", and achieve stable growth of business results by strengthening cost control, reinforcing the management of housing fund and enterprise annuity, and improving the utilization of funds.

CEMENT EQUIPMENT AND ENGINEERING SERVICES

Seizing the opportunities arising from the national strategy of "One Belt, One Road", the segment will take the initiative to expand overseas market, innovate its business model and explore new business areas while reinforcing and developing its principal business. Drawing upon its technological strengths, the segment will explore the market of energy conservation, environmental protection and technology improvement targeted on domestic cement enterprises to vigorously promote the technology of co-disposal of urban garbage by cement kiln. The segment will also leverage on its advantage of overseas acquisition and merger to upgrade its equipment manufacturing expertise and expand the scope of services, and adopt benchmarking management to strengthen cost control over EPC projects and improve profitability.

Chairman's Statement

CEMENT

The segment will accelerate the technology improvement and upgrade to the existing production lines, reduce energy consumption and pollutant emission by adopting new technology, technique and equipment, and improve its product quality and market competitiveness. The internal control will be further strengthened to stringently control expenses outside the budget, increase revenue and efficiency, and reduce expenses and costs so as to improve profitability. The segment will proactively expand its investment in overseas cement operations while consolidating its influence and dominance in regional markets.

HIGH-TECH MATERIALS

Adopting a market-oriented approach, the segment will optimize resources allocation and product mix through internal restructuring so as to stay competitive with high-quality and diversified products. By integrating and coordinating, among others, technology, management, capital and staff, the segment will press ahead with innovation-driven technology upgrade, maximize the supporting role of technological innovations and promote the industrialization of technological achievements. Moreover, the segment will vigorously explore on "overseas expansion" to facilitate the transition from domestic-based operations to globalized operations.

On behalf of the Board, I would like to express my heartfelt gratitude to all the shareholders, investors and customers for your long-term support and also my appreciation to the management and all staff for their diligence and dedication to the Group.

Liu Zhijiang

Chairman of the Board

Beijing, the PRC

28 August 2015

Management Discussion and Analysis

BUSINESS REVIEW

Overview

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

CEMENT EQUIPMENT AND ENGINEERING SERVICES

Industry Review

Due to the sluggish recovery of global economy and slower growth in the emerging economies during the reporting period, the investments in the cement industry remained low across the world. Although the global cement construction market saw continuous growth in certain regions, there was no sign of an overall recovery.

During the reporting period, 15 cement clinker production lines were newly completed with designed capacity of 20.93 million tonnes, representing a year-on-year decrease of 40%. Witnessing five consecutive years of negative growth, the fixed asset investments in the domestic cement industry decreased by 12.28% year-on-year to RMB43,169 million, resulting in increasingly fierce competition in domestic cement construction market and narrowing profitability of the projects.

Business Review

Strengthening market expansion to further consolidate leadership in market share

Addressing the unfavorable situation arising from the consecutive yearly decline of domestic cement construction market, the segment stepped up its effort to expand overseas market, innovated its business model and explored new business areas, further increasing the proportion of international business. During the reporting period, the new order intake from overseas markets amounted to RMB9,249 million, representing a year-on-year increase of 14.07%. As at 30 June 2015, the backlog order of the Company amounted to RMB59,919 million.

Accelerating the implementation of diversification strategy to explore new business

During the reporting period, the segment accelerated the implementation of diversification strategy and the allocation of social resources by completing the acquisition of equity interest in Hazemag and entering into the agreement on asset purchase by issuance of shares with Anhui Jieyuan Environmental Protection Technology Co., Ltd., thus creating favorable conditions for increasing the proportion of international business, expanding business areas and developing new business.

The high-end environmental protection equipment industrialization project of the segment commenced construction during the reporting period, aiming to build itself into a domestic research and manufacturing base for high-end environmental protection equipment by introducing, researching and developing world leading precipitators such as wet electrostatic precipitator and highly efficient long bag pulse precipitator on the basis of traditional precipitators.

Management Discussion and Analysis

CEMENT

Industry Review

During the reporting period, the cement industry recorded the negative growth in production volume for the first time since the beginning of the century, due to the impacts of China's macroeconomic downturn, the decelerating growth in infrastructure investment, the decline of real estate industry and the overcapacity, resulting in decreasing capacity utilization, steep drop in price and increasingly fierce competition. The accumulated profit margin of the industry was merely 2.8%, the lowest since 2007. In the second half of 2015, it is expected that new measures will be adopted in relation to investment facilitation and easy monetary policies so as to continuously strengthen "stabilized growth" in the context of increasing downside pressure of economy, directly driving the development of the building materials industry, particularly the cement sector.

Business Review

Optimizing internal management to lower product costs

Facing adverse situations of overcapacity, insufficient demand and decreasing price during the reporting period, the segment endeavored to reduce costs by capitalizing on its brand strength and dominance in regional markets while reinforcing benchmarking management, expanding the scope of centralized procurement and online bidding, optimizing internal management flow and strengthening refined management. During the reporting period, the cost of sales of the segment recorded a year-on-year decrease of 14.09%.

Enhancing efforts in energy conservation and emission reduction to fulfill corporate social responsibility

During the reporting period, the segment continued to step up the technology improvement and upgrade to the existing cement production lines and adopted new technology and technique, thus reducing the energy consumption of products and raising emission standards to protect the environment of the community. As at the end of the reporting period, 59 sets of machine for generating power from residual heat at cement kilns were built in aggregate, with a total installed capacity of 435.5MW, resulting in a year-on-year decrease of 3.32% in comprehensive energy consumption for per tonne of cement.

Management Discussion and Analysis

HIGH-TECH MATERIALS

Industrial Review

During the reporting period, the domestic wind power market showed apparent signs of recovery thanks to the implementation of a number of government policies to support wind power industry, resulting in an upswing of wind power equipment manufacturing industry and a rapid rise in installed capacity. As at the end of June 2015, the domestic accumulated capacity of integrated wind power reached 105.53 million KW, representing a year-on-year increase of 27.6%.

The glass fiber industry is in a new upturn cycle, as glass fiber is widely used in electronics, transportation and architecture, etc. The acceleration of urbanization and the construction of large-scale transportation infrastructure will further boost the demand for composite materials and facilitate the development of glass fiber industry.

Business Review

Seizing market opportunities to secure market share

During the reporting period, seizing the opportunities from market recovery, the segment took the initiative to secure market share and boost product sales. The production and sales volume of wind power fan blades increased by 76.24% and 120.34% respectively year-on-year, with an increase of 2.27 percentage points in gross margin. The production and sales volume of glass fiber and products increased by 29.01% and 14.55% respectively year-on-year, with an increase of 4.61 percentage points in gross margin. By strengthening market expansion and product quality control to reduce costs, the solar-energy fused silica crucibles recorded a year-on-year increase of 78.99% in sales volume and an increase of 12.66 percentage points in gross margin.

Stepping up technology improvement to reduce cost and enhance efficiency

During the reporting period, the segment stepped up technology improvement and upgrades to the existing production lines while increasing the sales of wind power fan blades and glass fiber products. A wind power fan blade production line with an annual production capacity of 400 sets and an alkali-free glass fiber production line with a production capacity of 20,000 tpa commenced operation during the reporting period, further reducing costs and improving profitability of the products.

Management Discussion and Analysis

FINANCIAL REVIEW

	Six months ended 30 June		
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited)	Change %
Revenue	23,091.22	25,408.52	(9.12)
Cost of sales	(19,186.69)	(20,470.62)	(6.27)
Gross profit	3,904.53	4,937.90	(20.93)
Other gains	505.82	303.94	66.42
Selling and marketing expenses	(879.40)	(845.51)	4.01
Administrative expenses	(1,970.93)	(2,139.99)	(7.90)
Exchange gain (loss)	65.76	(53.12)	—
Other expenses	(28.42)	(7.90)	259.75
Operating profit	1,597.36	2,195.33	(27.24)
Interest income	92.73	69.78	32.89
Finance costs	(1,078.87)	(1,085.79)	(0.64)
Share of results of associates	15.01	25.69	(41.57)
Share of results of joint ventures	1.17	(13.74)	—
Profit before tax	627.40	1,191.27	(47.33)
Income tax expenses	(205.16)	(327.65)	(37.38)
Profit for the period	422.24	863.62	(51.11)
Profit (Loss) for the period attributable to:			
Owners of the Company	447.32	371.94	20.27
Non-controlling interests	(25.08)	491.68	—

Operating Results

For the six months ended 30 June 2015, profit before tax of the Group was RMB627.40 million, representing a decrease of 47.33% as compared with the corresponding period of last year. Profit attributable to owners of the Company was RMB447.32 million, representing an increase of 20.27% as compared with the corresponding period of last year. Earnings per share of the Company was RMB0.125.

Management Discussion and Analysis

Consolidated Operating Results

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

Revenue

Revenue of the Group for the six months ended 30 June 2015 was RMB23,091.22 million, representing a decrease of 9.12% as compared with RMB25,408.52 million in the corresponding period of last year, mainly attributable to lower product prices and sales volume in the cement segment, and contracted business volume in the cement equipment and engineering services segment. In particular, the revenue of the cement equipment and engineering services segment and the cement segment decreased by RMB1,501.08 million and RMB2,431.01 million, respectively, while the revenue of the high-tech materials segment increased by RMB1,201.46 million.

Cost of sales

Cost of sales of the Group for the six months ended 30 June 2015 was RMB19,186.69 million, representing a decrease of 6.27% as compared with RMB20,470.62 million in the corresponding period of last year, mainly due to a decrease in business volume of the cement equipment and engineering services segment and the sales volume of the cement segment. In particular, the cost of sales of the cement equipment and engineering services segment and the cement segment decreased by RMB1,315.05 million and RMB1,132.20 million, respectively, while the high-tech materials segment increased by RMB801.42 million.

Gross profit and gross margin

Gross profit of the Group for the six months ended 30 June 2015 was RMB3,904.53 million, representing a decrease of 20.93% as compared with RMB4,937.90 million in the corresponding period of last year. In particular, the gross profit of the cement equipment and engineering services segment and the cement segment decreased by RMB186.03 million and RMB1,291.81 million respectively, while the high-tech materials segment increased by RMB400.04 million. Gross margin decreased by 2.52 percentage points from 19.43% in the corresponding period of last year to 16.91%.

Other gains

Other gains of the Group for the six months ended 30 June 2015 were RMB505.82 million, representing an increase of 66.42% as compared with RMB303.94 million in the corresponding period of last year, mainly due to the gains from disposal of available-for-sale financial assets of the Company. The other gains of the cement equipment and engineering services segment, the cement segment and the high-tech materials segment increased by RMB20.70 million, RMB17.99 million and RMB43.88 million respectively.

Management Discussion and Analysis

Selling and marketing expenses

Selling and marketing expenses of the Group for the six months ended 30 June 2015 were RMB879.40 million, representing an increase of 4.01% as compared with RMB845.51 million in the corresponding period of last year. The increase was mainly due to the increase in sales volume of major products in the high-tech materials segment. In particular, selling and marketing expenses of the cement equipment and engineering services segment and the high-tech materials segment increased by RMB32.88 million and RMB53.23 million respectively, and the cement segment decreased by RMB52.22 million.

Administrative expenses

Administrative expenses of the Group for the six months ended 30 June 2015 was RMB1,970.93 million, representing a decrease of 7.90% as compared with RMB2,139.99 million in the corresponding period of last year, mainly due to a decrease in the output of the cement segment and a decrease of the equipment maintenance fee. In particular, the administrative expenses of the cement equipment and engineering services segment and the cement segment decreased by RMB8.29 million and RMB182.88 million respectively, while the high-tech materials segment increased by RMB28.73 million.

Operating profit and operating profit margin

Operating profit of the Group for the six months ended 30 June 2015 was RMB1,597.36 million, representing a decrease of 27.24% as compared with RMB2,195.33 million in the corresponding period of last year. Operating profit margin decreased by 1.72 percentage points from 8.64% in the corresponding period of last year to 6.92%.

Finance cost

Finance costs of the Group for the six months ended 30 June 2015 was RMB1,078.87 million, representing a decrease of 0.64% as compared with RMB1,085.79 million in the corresponding period of last year. The decrease was mainly due to a decrease in the interest rates.

Share of results of associates

Share of results of associates of the Group for the six months ended 30 June 2015 was RMB15.01 million, representing a decrease of 41.57% as compared with RMB25.69 million in the corresponding period of last year. The decrease was mainly due to a decrease in the results of Jiugang (Group) Hongda Building Materials Co., Ltd..

Share of results of joint ventures

Share of results of joint ventures of the Group for the six months ended 30 June 2015 was RMB1.17 million, representing an increase by RMB14.91 million as compared with a loss of RMB13.74 million in the corresponding period of last year, mainly due to the improvement in the results of PPG Sinoma Jinjing Fiberglass Co., Ltd..

Income tax expense

Income tax expense of the Group for the six months ended 30 June 2015 was RMB205.16 million, representing a decrease of 37.38% as compared with RMB327.65 million in the corresponding period of last year. The decrease was mainly due to the significant decline in the operating results of the cement segment.

Management Discussion and Analysis

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2015 was RMB447.32 million, representing an increase of 20.27% as compared with RMB371.94 million in the corresponding period of last year. The increase was mainly due to the gains from the disposal of available-for-sale financial assets, and the significant growth of the operating results of CTG, a wholly-owned subsidiary of the Company.

(Loss) Profit attributable to non-controlling interests

Loss attributable to non-controlling interests for the six months ended 30 June 2015 was RMB25.08 million, representing a decrease of RMB516.76 million as compared with profit attributable to non-controlling interests of RMB491.68 million in the corresponding period of last year, mainly due to the significant decline in the operating results of the non-wholly owned subsidiaries in the cement segment.

Segment Results

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

Cement Equipment and Engineering Services

	Six months ended 30 June		
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited)	Change %
Revenue	10,372.40	11,873.48	(12.64)
Cost of sales	9,124.27	10,439.32	(12.60)
Gross profit	1,248.13	1,434.16	(12.97)
Selling and marketing expenses	123.68	90.80	36.21
Administrative expenses	712.64	720.93	(1.15)
Segment results	491.26	559.72	(12.23)

Revenue

Revenue of the cement equipment and engineering services segment for the six months ended 30 June 2015 was RMB10,372.40 million, representing a decrease of 12.64% as compared with RMB11,873.48 million in the corresponding period of last year. The decrease was mainly due to the decrease in the business volume.

Cost of sales

Cost of sales of the cement equipment and engineering services segment for the six months ended 30 June 2015 was RMB9,124.27 million, representing a decrease of 12.60% as compared with RMB10,439.32 million in the corresponding period of last year. The decrease was mainly due to the decrease in the business volume.

Management Discussion and Analysis

Gross profit and gross margin

Gross profit of the cement equipment and engineering services segment for the six months ended 30 June 2015 was RMB1,248.13 million, representing a decrease of 12.97% as compared with RMB1,434.16 million in the corresponding period of last year. Gross margin decreased by 0.05 percentage point from 12.08% in the corresponding period of last year to 12.03%.

Selling and marketing expenses

Selling and marketing expenses of the cement equipment and engineering services segment for the six months ended 30 June 2015 was RMB123.68 million, representing an increase of 36.21% as compared with RMB90.80 million in the corresponding period of last year. The increase was mainly due to the consolidation of the selling and marketing expenses from Hazemag that was acquired during the current period.

Administrative expenses

Administrative expenses of the cement equipment and engineering services segment for the six months ended 30 June 2015 was RMB712.64 million, representing a decrease of 1.15% as compared with RMB720.93 million in the corresponding period of last year.

Segment results

Based on the above, results of the cement equipment and engineering services segment for the six months ended 30 June 2015 was RMB491.26 million, representing a decrease of 12.23% as compared with RMB559.72 million in the corresponding period of last year.

Cement

	Six months ended 30 June		
	2015	2014	Change
	RMB million	RMB million	%
	(Unaudited)	(Unaudited)	
Revenue	8,357.14	10,788.15	(22.53)
Cost of sales	6,902.15	8,034.35	(14.09)
Gross profit	1,454.99	2,753.80	(47.16)
Selling and marketing expenses	517.65	569.87	(9.16)
Administrative expenses	821.34	1,004.22	(18.21)
Segment results	341.67	1,404.53	(75.67)

Management Discussion and Analysis

Revenue

Revenue of the cement segment for the six months ended 30 June 2015 was RMB8,357.14 million, representing a decrease of 22.53% as compared with RMB10,788.15 million in the corresponding period of last year. The decrease was mainly due to the decrease in the price and sales volume of products as a result of the shrinking market demand for cement products.

Cost of sales

Cost of sales of the cement segment for the six months ended 30 June 2015 was RMB6,902.15 million, representing a decrease of 14.09% as compared with RMB8,034.35 million in the corresponding period of last year. The decrease was mainly due to the decrease in the sales volume of products.

Gross profit and gross margin

Gross profit of the cement segment for the six months ended 30 June 2015 was RMB1,454.99 million, representing a decrease of 47.16% as compared with RMB2,753.80 million in the corresponding period of last year. Gross margin of the cement segment decreased by 8.12 percentage points from 25.53% in the corresponding period of last year to 17.41%. The decrease was mainly due to the plummet in sales price of cement products.

Selling and marketing expenses

Selling and marketing expenses of the cement segment for the six months ended 30 June 2015 was RMB517.65 million, representing a decrease of 9.16% as compared with RMB569.87 million in the corresponding period of last year. The decrease was mainly due to the decrease in packaging and transportation costs as a result of the decreased sales volume.

Administrative expenses

Administrative expenses of the cement segment for the six months ended 30 June 2015 was RMB821.34 million, representing a decrease of 18.21% as compared with RMB1,004.22 million in the corresponding period of last year. The decrease was mainly due to the decrease in equipment maintenance costs.

Segment results

Based on the above, results of the cement segment for the six months ended 30 June 2015 was RMB341.67 million, representing a decrease of 75.67% as compared with RMB1,404.53 million in the corresponding period of last year.

Management Discussion and Analysis

High-tech Materials

	Six months ended 30 June		
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited)	Change %
Revenue	4,631.22	3,429.76	35.03
Cost of sales	3,439.16	2,637.74	30.38
Gross profit	1,192.06	792.02	50.51
Selling and marketing expenses	238.07	184.84	28.80
Administrative expenses	419.00	390.27	7.36
Segment results	651.35	293.85	121.66

Revenue

Revenue of the high-tech materials segment for the six months ended 30 June 2015 was RMB4,631.22 million, representing an increase of 35.03% as compared with RMB3,429.76 million in the corresponding period of last year. The increase was mainly due to the increase in sales volume and price of major products such as wind power fan blades, glass fiber and products.

Cost of sales

Cost of sales of the high-tech materials segment for the six months ended 30 June 2015 was RMB3,439.16 million, representing an increase of 30.38% as compared with RMB2,637.74 million in the corresponding period of last year. The increase was mainly due to the increase in sales volume of major products such as wind power fan blades and glass fiber and products.

Gross profit and gross margin

Gross profit of the high-tech materials segment for the six months ended 30 June 2015 was RMB1,192.06 million, representing an increase of 50.51% as compared with RMB792.02 million in the corresponding period of last year. Gross margin of the high-tech materials segment increased by 2.65 percentage points from 23.09% in the corresponding period of last year to 25.74%. The increase was mainly due to the increase in prices of wind power fan blades and glass fiber and products.

Selling and marketing expenses

Selling and marketing expenses of the high-tech materials segment for the six months ended 30 June 2015 was RMB238.07 million, representing an increase of 28.80% as compared with RMB184.84 million in the corresponding period of last year. The increase was mainly due to the increase in after sales maintenance and transportation costs as a result of the increased sales volume.

Management Discussion and Analysis

Administrative expenses

Administrative expenses of the high-tech materials segment for the six months ended 30 June 2015 was RMB419.00 million, representing an increase of 7.36% as compared with RMB390.27 million in the corresponding period of last year.

Segment results

Based on the above, results of the high-tech materials segment for the six months ended 30 June 2015 was RMB651.35 million, representing an increase of 121.66% as compared with RMB293.85 million in the corresponding period of last year.

Liquidity and Capital Resources

Cash flows:

	Six months ended 30 June	
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited)
Net cash from operating activities	1,339.17	2,199.44
Net cash used in investing activities	(1,435.36)	(1,805.43)
Net cash (used in) from financing activities	(102.52)	679.24
Cash and cash equivalents at the end of the period	9,858.17	8,420.19

Net cash from operating activities

Net cash from operating activities decreased from RMB2,199.44 million in the corresponding period of last year to RMB1,339.17 million for the six months ended 30 June 2015. The decrease was mainly due to the increase in trade and other receivables in the current period, compared to the decrease in trade and other receivables in the corresponding period last year.

Net cash used in investing activities

Net cash used in investing activities decreased from RMB1,805.43 million in the corresponding period of last year to RMB1,435.36 million for the six months ended 30 June 2015. The decrease was mainly due to the decline in the investment of acquisition of subsidiaries and new fixed assets.

Net cash (used in) from financing activities

Net cash used in financing activities decreased by RMB781.76 million from the corresponding period of last year to RMB102.52 million for the six months ended 30 June 2015. The decrease was mainly due to the decrease in the year-on-year decline of net increase in borrowings.

Management Discussion and Analysis

Working Capital

As at 30 June 2015, the Group's cash and cash equivalents amounted to RMB 9,858.17 million (31 December 2014: RMB10,108.92 million). The current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group as at 30 June 2015 was 79.96% (31 December 2014: 79.63%).

The Group monitors its capital status on the basis of the net debt ratio which is calculated as net debt divided by total capital. Net debt is calculated as the total amount of interest-bearing debts (including current and non-current borrowings, short-term financing bills, medium-term notes and the bonds payable as shown in the consolidated statement of financial position) less restricted bank balances and bank balances and cash. As at 30 June 2015, the net debt ratio of the Group was 76.57% (31 December 2014: 78.39%).

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

Borrowings

As at 30 June 2015, the balance of the Group's borrowings amounted to RMB36,570.46 million.

	2015	2014
	30 June	31 December
	RMB millions	RMB millions
	(Unaudited)	(Audited)
Short-term borrowings and long-term borrowings due within one year	15,061.10	14,695.28
Short-term financing bills	8,200.00	6,220.00
Long-term borrowings, net of portions due within one year	6,254.77	6,160.75
Corporate bonds	2,495.78	2,495.16
Medium-term notes	4,558.81	6,257.22
Total borrowings	36,570.46	35,828.41

Pledge of Assets

The Group's property, plant and equipment, and prepaid lease payments with carrying values of RMB1,748.26 million and RMB103.99 million as at 30 June 2015 were pledged as security respectively (31 December 2014: RMB2,069.53 million and RMB144.58 million respectively).

Contingent Liabilities

As at 30 June 2015, there were a number of claims against the Group which arose in the ordinary course of its business. These claims are due to argument regarding contract terms on cement equipment and engineering services and cement sales. No settlement has been reached, nor has there been judgment made against the Group in respect of the claims up to the date of this report. The Directors are of the opinion that such claims would not result in material adverse impact to the financial position results and operations of the Group.

Management Discussion and Analysis

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or contingent liabilities.

Material Investment

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

Material Acquisitions and Disposals of Assets

On 29 May 2015, Sinoma International resolved to enter into an asset purchase agreement with the existing shareholders (the "Vendors") of Anhui Jieyuan Environmental Protection Technology Co., Ltd. ("Anhui Jieyuan"), pursuant to which, Sinoma International has agreed to acquire and the Vendors have agreed to sell 100% equity interest in Anhui Jieyuan. The aggregate consideration is RMB1,007,470,100, which shall be satisfied by issuance of 76,208,025 consideration shares by Sinoma International at an issue price of RMB13.22 per consideration share to the Vendors. Sinoma International also resolved to issue no more than 64,516,129 subscription shares for raising a maximum raised funds of RMB1,000,000,000 in aggregate by way of non-public offer. Details of the transactions are set out in the announcement of the Company dated 29 May 2015 on the websites of the Hong Kong Stock Exchange and the Company.

Save as disclosed above, during the reporting period, the Group did not have any material acquisition or disposal of assets.

Market Risks

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

Contract Risks

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

During the reporting period, the Company further enhanced the management of contract risks, standardized contract terms of new order intakes and improved the execution ability of contracts. In order to clear out the contracts at hand, the Company has carried out risk prevention planning. For the projects under construction, the Company enhanced assessment of the default in payment by project owners, paid close attention to the project owners' credit status, and conducted periodic settlement in time. For delay and suspension in the construction of the related projects, the Company actively communicated with the project owners to avoid losses. The Company will continue to strengthen the above measures in the future to effectively address the contract risks.

Management Discussion and Analysis

Foreign Currency Risks

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

Interest Rate Risks

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

Raw Materials and Energy Price Risks

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

Other Information

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee has reviewed the Company's interim report. The Company's external auditor has reviewed the unaudited condensed consolidated financial information for the six months ended 30 June 2015.

SHARE CAPITAL

The share capital structure of the Company as at 30 June 2015 was as follows:

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

DIVIDEND

The Company has not proposed to declare or distribute any interim dividend for the six months ended 30 June 2015.

DISCLOSURE OF INTERESTS

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

None of the Directors, Supervisors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 of the laws of Hong Kong), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they are deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register kept under such provisions, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Other Information

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

As at 30 June 2015, to the knowledge of the Directors, Supervisors and the chief executive of the Company, the persons listed in the following table had interests and/or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO:

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

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

Save as disclosed above, to the knowledge of the Directors, Supervisors and the chief executive of the Company, as at 30 June 2015, there was no other person having interests and/or short positions in the shares or underlying shares of the Company which were required, pursuant to section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

For the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities.

EMPLOYEES OF THE COMPANY AND THEIR REMUNERATION

The Company adopts position-based remuneration system for its employees whose remuneration is determined by reference to factors of importance of their positions, responsibilities and performance. There is no significant changes in the accrued payroll and welfare of the staff of the Group as compared with that of last year. As at 30 June 2015, the Group had 60,328 employees. The Group actively encouraged the self-development of its staff and organised various staff training activities.

Other Information

MATERIAL LEGAL MATTERS

Sinoma E&E, a wholly-owned subsidiary of Sinoma International (a subsidiary of the Company) was involved in the following material legal matters:

On 5 January 2015, Sinoma E&E received a notice of response to action issued by the court that the litigation on loan contract disputes between Bank of Beijing Shuangyushu Branch and Sinoma E&E has been accepted. Details of the case are set out in the announcement of the Company dated 6 January 2015 on the websites of the Hong Kong Stock Exchange and the Company.

On 2 April 2015, Sinoma E&E received a notice of response to action issued by the court that China Merchants Bank Co., Ltd. Beijing Xisanhuan Branch filed a suit against Sinoma E&E arising from financing loan contract disputes. Details of the case are set out in the announcement of the Company dated 7 April 2015 on the websites of the Hong Kong Stock Exchange and the Company.

Sinoma E&E filed a civil action to the court in respect of its guarantee contract disputes with Suzhou Longhu Property Co., Ltd., a subsidiary of Sinoma Group. On 15 June 2015, Sinoma E&E received a civil conciliation statement issued by the Beijing First Intermediate People's Court. Details of the case are set out in the announcements of the Company dated 22 December 2014 and 15 June 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

Sinoma E&E filed a civil action to the court in respect of its sale and purchase contract disputes with the parties comprising Shanghai Dingqi Trading Co., Ltd., Shanghai Huaji Steel Materials Co., Ltd., Shanghai Xinmao Industrial Development Co., Ltd. and Lin Qinhu, Fujian Jinlin Industrial Co., Ltd., Shanghai Zhongtang Industrial Co., Ltd., Fujian Bangsheng Group Co., Ltd., Xu Qingzhuang, Li Shoulong, Wu Zhouguo and Lin Lizhen as guarantors. The appeal filed by Sinoma E&E against the first instance judgement received has been accepted by the court. Details of the case are set out in the announcements of the Company dated 14 August 2013, 7 January 2015 and 24 June 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

Sinoma E&E filed a civil action to the court in respect of its sale and purchase contract disputes with SinoSteel Guangdong Co., Ltd., and Sinoma E&E appealed to the court in respect of the first instance judgment received. Sinoma E&E filed an action to the court again on the basis of unjust enrichment after receiving the second instance judgment. Details of the case are set out in the announcements of the Company dated 26 June 2013, 1 March 2014, 23 September 2014 and 2 July 2015 on the websites of the Hong Kong Stock Exchange and the Company, respectively.

SUBSEQUENT EVENT

On 21 August 2015, Sinoma Group Finance Co., Ltd. and the Company renewed the Financial Services Framework Agreement. On the same day, the Parent and the Company renewed the Property Leasing Framework Agreement, Mutual Supply of Services Framework Agreement and Mutual Supply of Products Framework Agreement. The term of each of such agreements is three years with effect from 1 January 2016 to 31 December 2018. Details of the transactions are set out in the announcement and circular of the Company dated 21 August 2015 and 25 August 2015, respectively on the websites of the Hong Kong Stock Exchange and the Company.

On 21 August 2015, the Company entered into an asset purchase agreement with Sinoma Science & Technology, pursuant to which, the Company has agreed to dispose and Sinoma Science & Technology has agreed to acquire 100% equity interests in CTG with an aggregate consideration of approximately RMB3,850.4584 million, which will be satisfied by issuance of approximately 240,804,152 consideration shares at the issue price of RMB15.99 per consideration share by Sinoma Science & Technology to the Company. In addition, the Company made relevant profit compensation undertaking to Sinoma Science & Technology. On the same day, Sinoma Science & Technology also resolved to issue by way of non-public offer no more than 171,195,848 subscription shares to no more than ten qualified designated investors at the issue price of RMB18.58 per subscription share to raise proceeds of no more than RMB3,180.8189 million in aggregate. Details of the transactions are set out in the announcement and circular of the Company dated 21 August 2015 and 25 August 2015, respectively on the websites of the Hong Kong Stock Exchange and the Company.

Corporate Governance

During the reporting period, the Company established a standard and ideal corporate governance structure in strict compliance with laws and regulations including the PRC Company Law and Securities Law and the requirements of domestic and foreign regulatory bodies. The Company is committed to maintaining its corporate governance at a high standard to enhance the value for shareholders in the long run.

(1) COMPLIANCE WITH “CORPORATE GOVERNANCE CODE” AND “CORPORATE GOVERNANCE REPORT”

During the six months ended 30 June 2015, the Company has fully complied with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules.

(2) COMPLIANCE WITH “MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS”

The Company has adopted a code of conduct prepared in accordance with the Model Code as set out in Appendix 10 of the Listing Rules. The provisions of the code of conduct currently adopted by the Company are no less exacting than the required standards set out in the Model Code. The Company, having made specific enquiries of all the Directors and Supervisors, confirms that the Directors and Supervisors have strictly complied with the Model Code for the six months ended 30 June 2015.

(3) AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee is responsible for proposing to the Board regarding the appointment, reappointment and removal of external independent auditors, as well as monitoring their work. The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely Mr. LU Zhengfei (the chairman of the Audit Committee, with professional qualification and experience in finance), Mr. WANG Shimin and Mr. YU Shiliang, respectively. On 24 August 2015, the Audit Committee reviewed the interim financial report of the Company for the six months ended 30 June 2015 and made a resolution on the same.

(4) CONNECTED TRANSACTIONS MANAGEMENT

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

Unaudited Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	4	23,091,217	25,408,520
Cost of sales		(19,186,692)	(20,470,617)
Gross profit		3,904,525	4,937,903
Interest income		92,726	69,779
Other gains		505,819	303,940
Selling and marketing expenses		(879,404)	(845,509)
Administrative expenses		(1,970,924)	(2,139,990)
Exchange gain (loss)		65,761	(53,116)
Other expenses		(28,416)	(7,900)
Finance costs	5	(1,078,869)	(1,085,788)
Share of results of associates		15,011	25,692
Share of results of joint ventures		1,170	(13,739)
Profit before tax		627,399	1,191,272
Income tax expense	6	(205,164)	(327,653)
Profit for the period	7	422,235	863,619
Profit (Loss) for the period attributable to:			
Owners of the Company		447,317	371,940
Non-controlling interests		(25,082)	491,679
		422,235	863,619
Earnings per share – basic and diluted (expressed in RMB per share)	9	0.125	0.104

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit for the period	422,235	863,619
Other comprehensive expenses		
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit obligations	(3,960)	(10,661)
Income tax relating to actuarial loss on defined benefit obligations	650	1,766
	(3,310)	(8,895)
Items that may be subsequently reclassified to profit or loss:		
Safety fund set aside	63,045	40,307
Utilisation of safety fund	(42,022)	(14,441)
Exchange differences on translation of financial statements of foreign operations	(131,811)	78,789
Gain (loss) on fair value changes on available-for-sale investments assets	780,705	(284,351)
Income tax relating to items that may be reclassified to profit or loss	(238,518)	70,936
	431,399	(108,760)
Other comprehensive income (expenses) for the period (net of tax)	428,089	(117,655)
Total comprehensive income for the period	850,324	745,964
Total comprehensive income attributable to:		
Owners of the Company	750,001	203,791
Non-controlling interests	100,323	542,173
	850,324	745,964

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	44,995,049	45,375,394
Prepaid lease payments	10	3,871,688	3,926,396
Investment properties	10	286,605	243,772
Intangible assets	10	1,379,378	651,932
Mining rights	10	536,485	562,954
Interests in associates		814,672	853,211
Interests in joint ventures		47,554	49,542
Available-for-sale investments		3,904,549	3,572,045
Trade and other receivables	11	723,668	616,027
Other non-current assets		482,606	369,041
Deferred income tax assets		887,506	914,430
		57,929,760	57,134,744
Current assets			
Inventories		10,233,555	8,902,852
Trade and other receivables	11	21,886,074	21,480,633
Amounts due from customers for contract work		565,183	573,062
Prepaid lease payments	10	133,583	135,871
Derivative financial instruments		3,054	–
Other current assets		209,755	165,622
Restricted bank balances		2,070,953	1,402,897
Bank balances and cash		9,858,172	10,108,923
		44,960,329	42,769,860
Current liabilities			
Trade and other payables	12	30,888,293	30,043,843
Dividend payable		116,510	9,366
Amounts due to customers for contract work		329,506	335,503
Derivative financial instruments		3,377	1,690
Tax liabilities		430,147	631,439
Short-term financing bills	13	8,200,000	6,220,000
Borrowings	14	15,061,100	14,695,282
Medium-term notes	17	1,158,813	1,700,000
Early retirement and supplemental benefit obligations	15	23,306	53,184
Provisions		16,450	21,389
		56,227,502	53,711,696

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Net current liabilities		(11,267,173)	(10,941,836)
Total assets less current liabilities		46,662,587	46,192,908
Non-current liabilities			
Trade and other payables	12	4,951	5,390
Corporate bonds	16	2,495,778	2,495,162
Medium-term notes	17	3,400,000	4,557,222
Borrowings	14	6,254,766	6,160,754
Provisions		98,191	80,868
Deferred income		902,469	860,957
Early retirement and supplemental benefit obligations	15	239,058	223,848
Deferred income tax liabilities		1,084,190	788,515
		14,479,403	15,172,716
NET ASSETS		32,183,184	31,020,192
Capital and reserves			
Share capital	18	3,571,464	3,571,464
Reserves		11,194,885	10,248,340
Equity attributable to owners of the Company		14,766,349	13,819,804
Non-controlling interests		17,416,835	17,200,388
TOTAL EQUITY		32,183,184	31,020,192

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Safety Fund	Foreign exchange reserve	Investment revaluation reserve	Other reserves	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2015												
(Unaudited)												
At 1 January 2015 (Audited)	3,571,464	3,273,160	(1,435,542)	130,111	202,877	(38,305)	1,616,242	1,887,558	4,612,239	13,819,804	17,200,388	31,020,192
Profit (Loss) for the period	-	-	-	-	-	-	-	-	447,317	447,317	(25,082)	422,235
Other comprehensive income (expenses) for the period:												
Items that will not be reclassified to profit or loss:												
Actuarial loss on defined benefit obligations	-	-	-	-	-	-	-	(1,616)	-	(1,616)	(2,344)	(3,960)
Income tax relating to actuarial loss on defined benefit obligations	-	-	-	-	-	-	-	163	-	163	487	650
Items that may be subsequently reclassified to profit or loss:												
Safety fund set aside	-	-	-	-	42,689	-	-	-	-	42,689	20,356	63,045
Utilisation of safety fund	-	-	-	-	(26,984)	-	-	-	-	(26,984)	(15,038)	(42,022)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(103,922)	-	-	-	(103,922)	(27,889)	(131,811)
Gain on fair value changes of available-for-sale investments	-	-	-	-	-	-	621,764	-	-	621,764	158,941	780,705
Income tax relating to items that may be reclassified to profit or loss	-	-	-	-	-	-	(229,410)	-	-	(229,410)	(9,108)	(238,518)
Total comprehensive income (expenses) for the period	-	-	-	-	15,705	(103,922)	392,354	(1,453)	447,317	750,001	100,323	850,324
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(193,108)	(193,108)
Acquisition of subsidiaries (Note 19)	-	-	-	-	-	-	-	-	-	-	234,193	234,193
Transactions with non-controlling interests	-	-	-	-	-	-	-	33,208	-	33,208	75,039	108,247
Government contribution	-	-	-	-	-	-	-	270,480	-	270,480	-	270,480
Dividend recognised as distribution	-	-	-	-	-	-	-	-	(107,144)	(107,144)	-	(107,144)
At 30 June 2015	3,571,464	3,273,160	(1,435,542)	130,111	218,582	(142,227)	2,008,596	2,189,793	4,952,412	14,766,349	17,416,835	32,183,184

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Safety Fund	Foreign exchange reserve	Investment revaluation reserve	Other reserves	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2014												
(Unaudited)												
At 1 January 2014 (Audited)	3,571,464	3,273,160	(1,435,542)	127,444	154,015	(46,869)	974,850	607,535	4,179,179	11,405,236	16,762,921	28,168,157
Profit for the period	-	-	-	-	-	-	-	-	371,940	371,940	491,679	863,619
Other comprehensive income (expenses) for the period:												
Items that will not be reclassified to profit or loss:												
Actuarial loss on defined benefit obligations	-	-	-	-	-	-	-	(9,022)	-	(9,022)	(1,639)	(10,661)
Income tax relating to actuarial loss on defined benefit obligations	-	-	-	-	-	-	-	1,513	-	1,513	253	1,766
Items that may be subsequently reclassified to profit or loss:												
Safety fund set aside	-	-	-	-	26,270	-	-	-	-	26,270	14,037	40,307
Utilisation of safety fund	-	-	-	-	(7,802)	-	-	-	-	(7,802)	(6,639)	(14,441)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	33,463	-	-	-	33,463	45,326	78,789
Loss on fair value changes of available-for-sale investments	-	-	-	-	-	-	(283,358)	-	-	(283,358)	(993)	(284,351)
Income tax relating to items that may be reclassified to profit or loss	-	-	-	-	-	-	70,787	-	-	70,787	149	70,936
Total comprehensive income (expenses) for the period	-	-	-	-	18,468	33,463	(212,571)	(7,509)	371,940	203,791	542,173	745,964
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(186,514)	(186,514)
Transactions with non-controlling interests	-	-	-	-	-	-	-	(120,306)	-	(120,306)	(58,191)	(178,497)
Government contribution	-	-	-	-	-	-	-	957,360	-	957,360	-	957,360
Dividend recognised as distribution	-	-	-	-	-	-	-	-	(71,429)	(71,429)	-	(71,429)
At 30 June 2014	3,571,464	3,273,160	(1,435,542)	127,444	172,483	(13,406)	762,279	1,437,080	4,479,690	12,374,652	17,060,389	29,435,041

Notes:

- (i) Pursuant to certain regulations issued by the State Administration of Work Safety of the People's Republic of China (the "PRC"), the Group is required to set aside an amount to a safety fund. The fund can be used for improvements of safety at the mines and construction sites, and is not available for distribution to owners.
- (ii) Other reserves mainly comprise of reserves arising from transactions with the non-controlling interests, deemed contributions from owners of the Company, government contributions and effect on changing of accounting standard of early retirement and supplemental benefit obligations.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	1,714,961	2,805,236
Income tax paid	(375,793)	(605,796)
NET CASH FROM OPERATING ACTIVITIES	1,339,168	2,199,440
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(723,712)	(690,184)
Purchase of prepaid lease payments	(66,814)	(147,710)
Purchase of investment properties	(54,245)	(18,436)
Purchase of intangible assets	(12,008)	(75,616)
Purchase of mining rights	(840)	(87,838)
Purchase of available-for-sale investments	(5,165)	(589)
Purchase of derivative financial instruments	–	(7,585)
Investment in an associate	(15,000)	–
Net cash outflow arising on acquisition of subsidiaries	(244,053)	(58,431)
Proceeds from disposals of property, plant and equipment	8,430	29,049
Proceeds from disposal of prepaid lease payments	–	3,644
Proceeds from disposal of available-for-sale investments	145,757	846
Proceeds from disposal of joint ventures	3,925	–
Proceeds from disposal of derivative financial instruments	–	6,553
Dividends received from available-for-sale investments	17,421	3,950
Dividends received from associates	68,550	84,900
Placement of restricted bank balances	(668,056)	(480,019)
Interest received on bank deposits and loan receivables	90,420	69,779
Decrease (increase) in loan receivables	20,031	(1,083)
Deposits paid for acquisition of subsidiaries	–	(436,662)
NET CASH USED IN INVESTING ACTIVITIES	(1,435,359)	(1,805,432)

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
FINANCING ACTIVITIES		
Proceeds from new borrowings	9,457,437	12,030,337
Gross proceeds from issuance of short-term financing bills	4,900,000	2,560,000
Repayment of short-term financing bills	(2,920,000)	(2,500,000)
Government grants received	73,039	315,358
Government contributions	270,480	669,070
Repayments of borrowings	(9,007,469)	(10,952,831)
Repayment of medium term notes	(1,700,000)	–
Proceeds from (Payments for) disposal (acquisition) of equity interest in subsidiaries	201,087	(178,497)
Dividends paid to non-controlling interests	(229,049)	(203,468)
Interest paid	(1,148,047)	(1,060,727)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(102,522)	679,242
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(198,713)	1,073,250
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	10,108,923	7,270,055
Effect of foreign exchange rate changes	(52,038)	76,883
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9,858,172	8,420,188
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by:		
Bank balances and cash	9,858,172	8,420,188

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

1. GENERAL INFORMATION

China National Materials Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 31 July 2007 as a joint stock company with limited liability under the Company Law of the PRC. Its immediate holding company is China National Materials Group Corporation Ltd. (“Sinoma Group”). The directors of the Company regard the ultimate holding party as at 30 June 2015 to be the State Council of the PRC Government. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) since 20 December 2007.

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

The unaudited condensed consolidated financial information are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in provision of cement equipment and engineering services, production and sales of cement and high-tech materials.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Basis of preparation

The unaudited condensed consolidated financial information have been prepared on a going concern basis notwithstanding the Group had net current liabilities of approximately RMB11,267,173,000 as at 30 June 2015.

In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the twelve months from 30 June 2015 by taking into consideration the followings:

- The profitable operation and the operating cash inflows of the Group; and
- At 30 June 2015, the Group has undrawn borrowings facilities available for immediate use and will not be expiring in the next twelve months from 30 June 2015 of approximately RMB13,581,000,000.

The Group has undrawn banking facilities will provide a cash inflow with a view to improve its working capital position, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 June 2015. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these unaudited condensed consolidated financial information on a going concern basis. The unaudited condensed consolidated financial information do not include any necessary adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

2. BASIS OF PREPARATION AND PRESENTATION (Continued)

2.1 Basis of preparation (Continued)

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

The unaudited condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs").

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial information has 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 information for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2015.

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

The adoption of the above amendments and interpretation in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial information and/or disclosures set out in the condensed consolidated financial information.

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

4. SEGMENT INFORMATION

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

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

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

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

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

Six months ended 30 June 2015

	Cement equipment and engineering services	Cement	High-tech materials	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE					
External sales	10,133,477	8,345,799	4,611,941	–	23,091,217
Inter-segment sales	<u>238,927</u>	<u>11,344</u>	<u>19,283</u>	<u>(269,554)</u>	<u>–</u>
Total	<u>10,372,404</u>	<u>8,357,143</u>	<u>4,631,224</u>	<u>(269,554)</u>	<u>23,091,217</u>
Segment results	<u>491,260</u>	<u>341,670</u>	<u>651,350</u>	12,228	1,496,508
Unallocated operating income and expenses					100,853
Interest income					92,726
Finance costs					(1,078,869)
Share of results of associates					15,011
Share of results of joint ventures					<u>1,170</u>
Profit before tax					<u>627,399</u>

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

Six months ended 30 June 2014

	Cement equipment and engineering services RMB'000 (Unaudited)	Cement RMB'000 (Unaudited)	High-tech materials RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
REVENUE					
External sales	11,249,110	10,777,023	3,382,387	–	25,408,520
Inter-segment sales	<u>624,373</u>	<u>11,129</u>	<u>47,372</u>	<u>(682,874)</u>	<u>–</u>
Total	<u>11,873,483</u>	<u>10,788,152</u>	<u>3,429,759</u>	<u>(682,874)</u>	<u>25,408,520</u>
Segment results	<u>559,725</u>	<u>1,404,527</u>	<u>293,846</u>	<u>(41,981)</u>	<u>2,216,117</u>
Unallocated operating income and expenses					(20,789)
Interest income					69,779
Finance costs					(1,085,788)
Share of results of associates					25,692
Share of results of joint ventures					<u>(13,739)</u>
Profit before tax					<u>1,191,272</u>

Segment results represent the profit earned by each segment without allocation of directors' remuneration, interest income, certain other gains, finance costs, share of results of associates, share of results of joint ventures and other administrative expenses of head office. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

(b) Segment assets

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

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cement equipment and engineering services	20,481,494	19,137,158
Cement	47,466,596	47,339,209
High-tech materials	19,136,515	17,933,434
Total segment assets	87,084,605	84,409,801
Eliminations	(1,774,387)	(1,922,555)
Unallocated assets	17,579,871	17,417,358
Consolidated assets	102,890,089	99,904,604

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

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

4. SEGMENT INFORMATION (Continued)

(c) Other segment information

Six months ended 30 June 2015

	Cement equipment and engineering services RMB'000 (Unaudited)	Cement RMB'000 (Unaudited)	High-tech materials RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Amounts included in the measure of segment results:					
Depreciation	159,745	1,159,038	502,818	727	1,822,328
Amortisation	7,879	64,531	31,664	244	104,318
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results:					
Share of results of associates	-	7,740	227	7,044	15,011
Share of results of joint ventures	-	-	1,170	-	1,170

Six months ended 30 June 2014

	Cement equipment and engineering services RMB'000 (Unaudited)	Cement RMB'000 (Unaudited)	High-tech materials RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Amounts included in the measure of segment results:					
Depreciation	135,540	953,414	486,225	989	1,576,168
Amortisation	8,776	69,230	24,477	117	102,600
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results:					
Share of results of associates	-	17,256	357	8,079	25,692
Share of results of joint ventures	-	-	(13,739)	-	(13,739)

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

5. FINANCE COSTS

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Interest expenses	1,044,234	1,080,395
Less: Amounts capitalised as construction-in-progress	(12,923)	(11,022)
	1,031,311	1,069,373
Net foreign exchange loss on bank borrowings	4,281	1,228
Discount charges on bank acceptance notes	43,277	15,187
	1,078,869	1,085,788

6. INCOME TAX EXPENSE

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

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

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

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Current income tax:		
– PRC enterprise income tax	118,956	215,344
– Overseas taxation	1,590	6,479
	120,546	221,823
Deferred income tax	84,618	105,830
	205,164	327,653

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Depreciation and amortisation		
– property, plant and equipment	1,810,916	1,570,719
– prepaid lease payments	54,662	54,975
– investment properties	11,412	5,449
– intangible assets	23,247	19,071
– mining rights	26,409	28,554
Impairment loss recognised in respect of trade and other receivables	93,790	79,353
Impairment loss recognised in respect of property, plant and equipment	2,293	2,375
Impairment loss recognised in respect of intangible assets	226	–
Allowance for inventories (included in cost of sales)	16,009	12,080
Reversal of allowance for inventories (included in cost of sales)	–	(14,919)
Donations	–	1,454
Net gain on disposals of property, plant and equipment	(4,735)	(3,515)
Net gain on disposal of prepaid lease payments	(117)	(800)
Net loss on disposal of investment properties	–	1,236
Loss on disposal of intangible assets	–	4,030
Loss on written off of mining rights	900	22,750
Dividend income from available-for-sale investments	(19,139)	(3,950)
Waiver of other payables	–	(7,286)
Government grants	(149,272)	(120,344)

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

8. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
2014 final dividend of RMB0.03 per share recognised as distribution during the reporting period (2014: 2013 final dividend of RMB0.02 per share)	107,144	71,429

No interim dividend was paid, declared or proposed during the six months ended 30 June 2015, nor has any dividend been proposed since the end of the interim reporting period (2014: Nil).

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during each of the six months ended 30 June 2015 and 2014.

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company (RMB'000)	447,317	371,940
Weighted average number of ordinary shares in issue ('000)	3,571,464	3,571,464
Basic earnings per share (RMB)	0.125	0.104

(b) Diluted

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the periods ended 30 June 2015 and 2014.

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

10. CAPITAL EXPENDITURE

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

	Property, plant and equipment RMB'000	Prepaid lease payments RMB'000	Investment properties RMB'000	Intangible assets RMB'000	Mining rights RMB'000	Total RMB'000
Six months ended 30 June 2015						
(Unaudited)						
Carrying values at 1 January 2015 (Audited)	45,375,394	4,062,267	243,772	651,932	562,954	50,896,319
Additions	1,486,559	66,814	54,245	750,919	840	2,359,377
Disposals	(53,695)	(69,148)	–	–	(900)	(123,743)
Depreciation and amortisation charged for the period	(1,810,916)	(54,662)	(11,412)	(23,247)	(26,409)	(1,926,646)
Impairment loss recognised in the unaudited condensed consolidated statement of profit or loss	(2,293)	–	–	(226)	–	(2,519)
Carrying values at 30 June 2015	44,995,049	4,005,271	286,605	1,379,378	536,485	51,202,788

	Property, plant and equipment RMB'000	Prepaid lease payments RMB'000	Investment properties RMB'000	Intangible assets RMB'000	Mining rights RMB'000	Total RMB'000
Six months ended 30 June 2014						
(Unaudited)						
Carrying values at 1 January 2014 (Audited)	45,210,186	3,985,011	176,004	721,844	512,945	50,605,990
Additions	1,526,880	147,710	18,436	75,616	87,838	1,856,480
Disposals	(25,534)	(2,844)	(1,236)	(4,030)	(22,750)	(56,394)
Depreciation and amortisation charged for the period	(1,570,719)	(54,975)	(5,449)	(19,071)	(28,554)	(1,678,768)
Impairment loss recognised in the unaudited condensed consolidated statement of profit or loss	(2,375)	–	–	–	–	(2,375)
Carrying values at 30 June 2014	45,138,438	4,074,902	187,755	774,359	549,479	50,724,933

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

11. TRADE AND OTHER RECEIVABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables and retentions		
Trade and bills receivables	13,628,271	15,180,966
Retentions	359,338	393,146
	13,987,609	15,574,112
Less: Impairment loss recognised	(2,136,232)	(2,053,752)
Trade receivables and retentions, net	11,851,377	13,520,360
Loan receivables		
Loan receivables	56,319	76,450
Less: Impairment loss recognised	(48,615)	(66,351)
Loan receivables, net	7,704	10,099
Prepayments to suppliers and subcontractors, staff advances, deposits and other receivables		
Prepayments to suppliers and subcontractors	8,809,358	7,148,796
Staff advances	115,658	99,939
Deposits	219,578	179,639
Other receivables	2,479,947	2,000,397
	11,624,541	9,428,771
Less: Impairment loss recognised	(873,880)	(862,570)
Prepayments to suppliers and subcontractors, staff advances, deposits and other receivables, net	10,750,661	8,566,201
Total trade and other receivables	22,609,742	22,096,660
Less: Non-current portion		
Trade and bills receivables	(520,099)	(395,185)
Retentions	(203,569)	(220,842)
	(723,668)	(616,027)
Current portion	21,886,074	21,480,633

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

11. TRADE AND OTHER RECEIVABLES (Continued)

Details of trade and other receivables from related parties are included in note 23.

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

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Less than 6 months	9,038,532	10,813,281
6 months to 1 year	1,350,165	1,539,944
1 year to 2 years	787,596	864,003
2 years to 3 years	618,828	243,213
Over 3 years	56,256	59,919
	11,851,377	13,520,360

Settlement of trade receivables and retentions generated through engineering and construction services are made in accordance with the terms specified in the contracts governing the relevant transactions, among which retentions are generally settled within one to two years after completion of corresponding services. The Group allows credit period ranging from 30 to 365 days to its trade and construction customers. The Group does not hold any collateral over these balances.

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

12. TRADE AND OTHER PAYABLES

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade and bills payables	16,883,562	17,279,575
Deposits, advances, accruals and other payables		
Prepayments from customers	11,809,669	10,519,060
Accrued payroll and welfare	426,280	436,177
Accrued social security costs	292,297	299,154
Other taxes	209,191	213,075
Accrued expenses	278,319	285,871
Deposits payable	170,626	174,629
Dividends payable to non-controlling interests by subsidiaries	116,510	152,451
Other payables	706,790	689,241
	14,009,682	12,769,658
Total trade and other payables	30,893,244	30,049,233
Less: Non-current portion	(4,951)	(5,390)
Current portion	30,888,293	30,043,843

Details of trade and other payables to related parties are included in note 23.

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

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 6 months	12,374,724	12,676,905
6 months to 1 year	3,267,354	3,470,479
1 year to 2 years	698,864	905,907
2 years to 3 years	374,245	133,238
Over 3 years	168,375	93,046
	16,883,562	17,279,575

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

13. SHORT-TERM FINANCING BILLS

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Short-term financing bills	8,200,000	6,220,000

On 1 April and 2 September 2014, the Company issued two one-year short-term financing bills of face value at RMB1,500,000,000 and RMB400,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 5.60% and 4.98% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 5 August 2014, Sinoma International Engineering Co., Ltd., a non-wholly-owned subsidiary of the Company, issued one-year short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 4.95% per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 29 April and 11 November 2014, Tianshan Cement, a non-wholly-owned subsidiary of the Company, issued two one-year short-term financing bills of face value at RMB500,000,000 and RMB500,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 5.97% and 4.50% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 16 September 2014, Ningxia Building Materials Co., Ltd., a non-wholly-owned subsidiary of the Company, issued one-year short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 5.56% per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 3 April, 19 May and 25 September 2014, Sinoma Cement, a wholly-owned subsidiary of the Company, issued three one-year short-term financing bills of face value at RMB260,000,000, RMB300,000,000 and RMB500,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 6.00%, 5.74% and 5.34% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 17 January, 30 July and 14 October 2014, Sinoma Science & Technology, a non-wholly-owned subsidiary of the Company, issued three one-year short-term financing bills of face value at RMB10,000,000, RMB400,000,000 and RMB500,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 8.00%, 5.39% and 5.10% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

13. SHORT-TERM FINANCING BILLS (Continued)

On 11 November 2014, Sinoma Science & Technology, a non-wholly owned subsidiary of the Company, issued 180-day short-term financing bills of face value at RMB350,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 5.00% per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 2 March and 23 March 2015, the Company issued two 180-day short-term financing bills of face value at RMB1,800,000,000 and RMB1,700,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 4.80% and 4.89% respectively per annum and interest is paid on mature.

On 22 April and 15 June 2015, Tianshan Cement, a non-wholly-owned subsidiary of the Company, issued 270-day and 180-day short-term financing bills of face value at RMB500,000,000 and RMB400,000,000 respectively in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 5.00% and 4.90% respectively per annum and the principal together with the interest thereon is payable on maturity of the bills.

On 18 May 2015, Sinoma Cement Co., Ltd. ("Sinoma Cement"), a wholly-owned subsidiary of the Company, issued 270-day short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 4.40% per annum and the principal together with the interest thereon is payable on maturity of the bills.

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

14. BORROWINGS

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current		
Long-term bank borrowings		
– Secured (Note a)	537,776	694,842
– Unsecured	5,252,089	4,801,654
	5,789,865	5,496,496
Other borrowings		
– Unsecured	464,901	664,258
	464,901	664,258
Total non-current borrowings	6,254,766	6,160,754
Current		
Current portion of long-term bank borrowings		
– Secured (Note a)	377,029	256,930
– Unsecured	1,634,890	1,183,459
	2,011,919	1,440,389
Short-term bank borrowings		
– Secured (Note a)	1,055,164	969,538
– Unsecured	11,158,498	11,348,898
	12,213,662	12,318,436
Other borrowings		
– Unsecured	835,519	936,457
Total current borrowings	15,061,100	14,695,282
Total borrowings	21,315,866	20,856,036

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

14. BORROWINGS (Continued)

Notes:

- (a) Secured borrowings of the Group are secured by the Group's property, plant and equipment and prepaid lease payments with carrying values of approximately RMB1,748,262,000 and RMB103,988,000 as at 30 June 2015 (31 December 2014: RMB2,069,526,000 and RMB144,581,000) respectively.
- (b) The movements of borrowings are as follows:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
At 1 January	20,856,036	24,189,247
Attributable to acquisition of subsidiaries	9,862	–
Proceeds from new borrowings	9,457,437	12,030,337
Repayments of borrowings	(9,007,469)	(10,952,831)
Net foreign exchange gains on borrowings	–	(1,906)
At 30 June	21,315,866	25,264,847

- (c) As at 30 June 2015, certain of the Group's borrowings in aggregate of RMB176,000,000 (2014: RMB100,000,000) classified under current liabilities were overdue and not repaid.

15. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS

The Group operates unfunded defined benefit plan for qualifying former employees. The Group paid supplemental pension subsidies or pension contributions to its employees in the PRC who retired prior to 31 December 2006. In addition, the Group is committed to make periodic benefits payments to certain former employees who were terminated or early retired in accordance with various rationalisation programmes adopted by the Group prior to 31 December 2006. The Group ceased to pay the supplemental pension subsidies and other post-employment medical benefits to its retired employees and early retired employees in the PRC who leave the Group after 31 December 2006.

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Total liability in the unaudited condensed consolidated statement of financial position	262,364	277,032
Less: Current portion	(23,306)	(53,184)
	239,058	223,848

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

15. EARLY RETIREMENT AND SUPPLEMENTAL BENEFIT OBLIGATIONS (Continued)

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
At 1 January	277,032	317,268
Interest cost	4,791	7,096
Remeasurements:		
– Adjustments for restrictions on the defined benefit asset	1,113	(399)
– Actuarial losses recognised in the period	1,742	11,060
– Past service cost, including losses on curtailments	992	1,707
Benefits paid	(23,306)	(21,395)
At 30 June	262,364	315,337

16. CORPORATE BONDS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Corporate bonds, at amortised cost	2,495,778	2,495,162

On 31 July 2009, the Company issued seven-year corporate bonds of face value of RMB2,500,000,000 in the PRC capital market. The corporate bonds bear a fixed interest rate of 5.40% per annum and the interest is paid annually.

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

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

17. MEDIUM-TERM NOTES

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Medium-term notes, at amortised cost	4,558,813	6,257,222
Less: Non-current portion	(3,400,000)	(4,557,222)
Current portion	1,158,813	1,700,000

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

Date of issue	Principal RMB'000	Term	Contractual interest rate	Interest payment	Effective interest rate
10 March 2010	1,700,000	5 years	4.48% per annum	Annually	4.48%
21 April 2011	660,000	5 years	6.16% per annum	Annually	6.41%
20 October 2011	500,000	5 years	7.00% per annum	Annually	7.00%
25 October 2011	700,000	5 years	7.99% per annum	Annually	7.99%
24 November 2011	800,000	5 years	5.83% per annum	Annually	5.89%
14 August 2012	900,000	5 years	5.61% per annum	Annually	5.63%
7 June 2013	500,000	3 years	5.04% per annum	Annually	5.04%
20 August 2014	500,000	5 years	6.73% per annum	Annually	6.73%

18. SHARE CAPITAL

Unlisted domestic shares		Unlisted foreign shares		H Shares		Total	
Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
'000	RMB'000	'000	RMB'000	'000	RMB'000	'000	RMB'000

Registered, issued and fully paid:

At 1 January 2014, 30 June 2014,								
31 December 2014 and 30 June 2015	<u>2,276,523</u>	<u>2,276,523</u>	<u>130,793</u>	<u>130,793</u>	<u>1,164,148</u>	<u>1,164,148</u>	<u>3,571,464</u>	<u>3,571,464</u>

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

19. BUSINESS COMBINATION

Business combination for the period ended 30 June 2015

Hazemag & EPR GmbH (“Hazemag”)

On 30 August 2013, Sinoma International Engineering Co., Ltd (“Sinoma international”), a non-wholly owned subsidiary of the Company, entered into a share transfer agreement with the shareholder of Hazemag, a company incorporated in Germany to acquire 59.09% equity interests in Hazemag at a total cash consideration of EUR104,000,000. The first step of the acquisition of 29.55% equity interests was completed during the year ended 31 December 2014 with such investment carried as an available-for-sale investment as at 31 December 2014. On 25 February 2015, the Group paid the consideration for acquiring the remaining 29.54% equity interests in Hazemag. Hazemag is principally engaged in the development, design, manufacture and supply of plant and machinery for materials processing and crushing both above and below ground, as well as for mining and tunnelling equipment and was acquired so as to continue the expansion of the Group’s cement equipment and engineering services. This acquisition has been accounted for using acquisition method.

Consideration transferred

	RMB'000
Fair value of previously held equity interests	360,129
Cash	<u>360,128</u>
	<u>720,257</u>

Acquisition-related costs were insignificant and have been excluded for the consideration transferred and have been recognized as an expense for the six months ended 30 June 2015, within the ‘administrative expenses’ in the unaudited condensed consolidated statement of profit or loss.

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

	RMB'000
Property, plant and equipment	84,600
Intangible assets	289,606
Deferred income tax assets	46,979
Inventories	188,339
Trade and other receivables	199,207
Bank balances and cash	119,739
Trade and other payables	(312,416)
Borrowings	(9,862)
Deferred income tax liabilities	(101,047)
Non-controlling interests	<u>(46,602)</u>
	<u>458,543</u>

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

19. BUSINESS COMBINATION (Continued)

Business combination for the period ended 30 June 2015 (Continued)

Hazemag & EPR GmbH ("Hazemag") (Continued)

The fair value of trade and other receivables at the date of acquisition amounted to approximately RMB199,207,000. The gross contractual amounts of those trade and other receivables acquired amounted to approximately RMB199,207,000 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	720,257
Plus: non-controlling interest (40.91% in Hazemag)	187,591
Less: net assets acquired	<u>(458,543)</u>
Goodwill arising on acquisition	<u>449,305</u>

The non-controlling interest in Hazemag recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Hazemag and amounted to approximately RMB187,591,000.

Goodwill arose in the acquisition of Hazemag because the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of Hazemag. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purpose.

Net cash outflow on acquisition of Hazemag

	RMB'000
Cash consideration paid during the six months ended 30 June 2015	(363,792)
Cash and cash equivalents acquired	<u>119,739</u>
	<u>(244,053)</u>

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

19. BUSINESS COMBINATION (Continued)

Impact of acquisition on the results of the Group

Included in the Group's profit for the six months ended 30 June 2015 is a loss of approximately RMB10,741,000 attributable to Hazemag. Revenue of the Group for the six months ended 30 June 2015 includes approximately RMB260,070,000 attributable to Hazemag.

Had the acquisition of Hazemag been effected on 1 January 2015, the total amount of revenue of the Group for the six months ended 30 June 2015 would have been approximately RMB23,183,272,000 and the amount of the profit for the six months ended 30 June 2015 would have been approximately RMB415,941,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

20. CAPITAL COMMITMENTS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the unaudited condensed consolidated financial information in respect of the acquisition of:		
– Property, plant and equipment	333,255	728,576
– Prepaid lease payments	–	1,891
– Acquisition of subsidiaries (Note)	1,007,470	–
	1,340,725	730,467

Note:

On 29 May 2015, Sinoma International, a non-wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party for the acquisition of the entire equity interests in Anhui Jieyuan Environmental Protection Technology Co., Ltd. ("Anhui Jieyuan"), a private company registered in the PRC for a consideration of RMB1,007,470,100, which shall be satisfied by the issuance of 76,208,025 consideration shares by Sinoma International at an issue price of RMB13.22 per consideration share. The acquisition had not yet been completed up to the date of this interim report.

Further details of the acquisition are set out in the Company's announcement dated 29 May 2015.

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2015 RMB'000	31 December 2014 RMB'000		
Foreign currency forward contracts classified as derivative financial instruments in the unaudited condensed consolidated statement of financial position	Assets: 3,054 and Liabilities: 3,377	Assets: Nil and Liabilities: 1,690	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties
Listed available-for-sale financial assets	3,753,558	2,984,388	Level 1	Quoted bid prices in an active market

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

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

- (a) During the six months ended 30 June 2015, the Group has acquired property, plant and equipment amounting to approximately RMB678,247,000 which were included in trade and other payables as at 30 June 2015.
- (b) During the six months ended 30 June 2015, the Group has disposed property, plant and equipment amounting to approximately RMB50,000,000 which were included in trade and other receivables as at 30 June 2015.
- (c) During the six months ended 30 June 2014, the Group has acquired property, plant and equipment amounting to approximately RMB286,689,000 which were included in trade and other payables as at 30 June 2014.
- (d) During the six months ended 30 June 2014, the Group has acquired property, plant and equipment amounting to approximately RMB536,492,000 which has been settled by bills receivables.

23. RELATED PARTY DISCLOSURES

Sinoma Group, the immediate parent of the Company, is owned and controlled by the State Council of the PRC Government. The State Council is the Company's ultimate controlling party, which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as the "state-owned enterprises"). Neither Sinoma Group nor the State Council published financial statements available for public use.

In accordance with HKAS 24 (revised), the Group is exempted from disclosures of transactions with other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government.

In addition to the related party information disclosed elsewhere in the unaudited condensed consolidated financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, excluding other state-owned enterprises, during the six months ended 30 June 2015 and 2014 and balances as at 30 June 2015, 31 December 2014 with related parties.

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

(i) Transactions and balances with other state-owned enterprises

- (a) The Group's transactions with other state-owned enterprises only accounted for less than 5% of the Group's revenue and cost of sales for the period ended 30 June 2015 and 2014. However, over 95% of the Group's interest expenses were incurred for borrowings from other state-owned enterprises.
- (b) The balances with other state-owned enterprises and Sinoma Group and its fellow subsidiaries only accounted for less than 5% of the Group's trade and other receivables and trade and other payables as at 30 June 2015, 31 December 2014. However, over 95% of the Group's borrowings were obtained from and over 95% of the Group's cash and cash equivalents are maintained with other state-owned enterprises.

In addition, as at 30 June 2015, 31 December 2014, less than 5% of the Group's borrowings were secured by the corporate guarantees executed by other state-owned enterprises and less than 5% of the outstanding guarantees provided by the Group were in favor of other state-owned enterprises.

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

23. RELATED PARTY DISCLOSURES (Continued)

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

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Transactions with joint ventures (after elimination of the Group's proportionate interest in those joint ventures)		
Revenue		
– Sales of goods or provision of services	10,612	16,231
Expenses		
– Purchases of goods or services	5,165	9,237
Transactions with associates		
Expenses		
– Purchases of goods or services	–	466
Transactions with non-controlling interests		
Expenses		
– Purchases of goods or services	–	934

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

23. RELATED PARTY DISCLOSURES (Continued)

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

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

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade and other receivables		
Trade receivables due from		
– Joint ventures	10,203	10,576
– Associates	471	518
– Non-controlling interests	17,915	9,242
– Less: Impairment loss recognised	(2,072)	(1,447)
	26,517	18,889
Other receivables due from		
– Joint ventures	–	1,487
– Less: Impairment loss recognised	–	(74)
	–	1,413
	26,517	20,302

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

23. RELATED PARTY DISCLOSURES (Continued)

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

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

	30 June 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade and other payables		
Trade payables due to		
– Joint ventures	–	9,184
– Non-controlling interests	8,620	21,083
	8,620	30,267

The credit periods of trade receivables due from related parties and trade payables due to related parties, if any, generally range from 30 to 365 days. Other receivables due from related parties and other payables due to related parties are generally unsecured, non-interest bearing and repayable on demand.

(iii) Key management compensation

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,838	4,607
Post-employment benefits	272	353
	3,110	4,960

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

Notes to the Unaudited Condensed Consolidated Financial Information

For the six months ended 30 June 2015

24. EVENTS AFTER THE REPORTING PERIOD

1. On 21 July 2015, Sinoma International Engineering Co., Ltd., a non-wholly-owned subsidiary of the Company, issued one-year short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 3.67% per annum and the principal together with the interest thereon is payable on maturity of the bills.
2. On 6 August 2015, Ningxia Building Materials Co., Ltd., a non-wholly-owned subsidiary of the Company, issued one-year short-term financing bills of face value at RMB500,000,000 in the PRC inter-bank bond market. The short-term financing bills bear a fixed interest rate of 3.75% per annum and the principal together with the interest thereon is payable on maturity of the bills.
3. On 13 August 2015, the Company issued five-year medium-term notes of face value at RMB2,500,000,000 in the PRC inter-bank bond market. The medium-term notes bear a fixed interest rate of 4.56% per annum and the interests are payable annually.
4. On 21 August 2015, the Company entered into an agreement (the "Share Transfer Agreement") with Sinoma Science & Technology, a non-wholly-owned subsidiary of the Company. The Company has conditionally agreed to sell and Sinoma Science & Technology has conditionally agreed to acquired 100% equity interest in Taishan Fiberglass Inc. ("Taishan Fiber"), a direct wholly-owned subsidiary of the Company (the "Proposed Disposal"). In consideration for the Proposed Disposal, Sinoma Science & Technology will issue approximately 240,804,152 of new ordinary shares to the Company (the "Proposed Acquisition"). The Proposed Acquisition and the Proposed Disposal hereinafter collectively referred to as the "Proposed Transaction". Upon completion of the Proposed Transaction, Taishan Fiber will become a non-wholly-owned subsidiary of the Company. Further details of which are set out in the the Company's announcement dated 21 August 2015.
5. On 21 August 2015, Sinoma Science & Technology entered into share subscription agreements with various independent third parties for the placing (the "Placing") of maximum 171,195,848 new shares of Sinoma Science & Technology at a placing price of RMB18.58 per share. The Placing is conditional upon the completion of the Proposed Transaction and approval from the relevant PRC authorities. Further details of the Placing are set out in the Company's announcement date 21 August 2015.

Definitions

“Audit Committee”	the audit committee of the Board
“BBMG”	BBMG Group Co., Ltd. (北京金隅集團有限責任公司), one of the promoters of the Company
“Board”	the board of Directors of the Company
“Cinda”	China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), one of the promoters of the Company
“Company”, “our Company”, “we” or “us”	China National Materials Company Limited (中國中材股份有限公司), a joint stock limited company incorporated on 31 July 2007 under the laws of the PRC
“CTG”	Taishan Fiberglass Inc. (泰山玻璃纖維有限公司), a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary shares of RMB1.00 each in the share capital of the Company, which are subscribed for and credited as fully paid up in RMB by PRC nationals and/or PRC incorporated entities
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in HK dollars and are listed and traded on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Ningxia Building Materials”	Ningxia Building Materials Group Co., Limited (寧夏建材集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600449), a subsidiary of the Company
“Nomination Committee”	the nomination committee of the Board

Definitions

“Parent” or “Sinoma Group”	China National Materials Group Corporation Ltd. (中國中材集團有限公司), the controlling shareholder and one of the promoters of the Company
“Parent Group”	collectively, Parent and its subsidiaries (excluding the Group)
“PRC” or “China”	the People’s Republic of China, which for the purposes of this interim report only (unless otherwise indicated) excludes Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Qilianshan Holdings”	Gansu Qilianshan Building Materials Holdings Company Limited (甘肅祁連山建材控股有限公司), a subsidiary of the Company
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Sinoma (Hong Kong)”	China National Materials (Hong Kong) Co., Limited (中國中材股份(香港)有限公司), a wholly-owned subsidiary of the Company incorporated under the laws of Hong Kong
“Sinoma Advanced Materials”	Sinoma Advanced Materials Co., Ltd. (中材高新材料股份有限公司), a subsidiary of the Company
“Sinoma Cement”	Sinoma Cement Co., Ltd. (中材水泥有限責任公司), a wholly-owned subsidiary of the Company
“Sinoma E&E”	Sinoma Equipment & Engineering Corp., Ltd. (中國中材東方國際貿易有限公司), a wholly-owned subsidiary of Sinoma International
“Sinoma International”	Sinoma International Engineering Co., Ltd. (中國中材國際工程股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (Stock code: 600970), a subsidiary of the Company
“Sinoma Jinjing”	Sinoma Jinjing Fiber Glass Co., Ltd. (中材金晶玻纖有限公司), a subsidiary of the Company
“Sinoma Mining”	Sinoma Mining Construction Co., Ltd. (中材礦山建設有限公司), a wholly-owned subsidiary of the Company

Definitions

“Sinoma Science & Technology”	Sinoma Science & Technology Co., Ltd. (中材科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 002080), a subsidiary of the Company
“Strategy Committee”	the strategy committee of the Board
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Taishan Investment”	Taian Taishan Investment Co., Ltd. (泰安市泰山投資有限公司), one of the domestic shareholders of the Company
“Tianshan Cement”	Xinjiang Tianshan Cement Co., Ltd. (新疆天山水泥股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000877), a subsidiary of the Company
“Tianshan Group”	Xinjiang Tianshan Building Materials (Group) Company Limited (新疆天山建材(集團)有限責任公司), a subsidiary of the Parent and one of the promoters of the Company
“Well Kent”	Well Kent International Holdings Company Limited (華建國際集團有限公司), one of the promoters of the Company
“Xiamen Standard Sand”	Xiamen ISO Standard Sand Co., Ltd. (廈門艾思歐標準砂有限公司), a subsidiary of the Company
“Zibo Hi-Tech”	Zibo New & Hi-Tech Venture Capital Co., Ltd. (淄博高新技術風險投資股份有限公司), one of the promoters of the Company



China National Materials
Company Limited

Sinoma