CNBM

China National Building Material Company Limited*

(Stock Code: 03323)

2019

Interim Report 中期報告

* For identification only

Financial and Business Highlights

	As at 30 June 2019 (unaudited) *(RMB in millions)*	As at 31 December 2018 (restated) (unaudited) *(RMB in millions)*	Growth rate
Bank balances and cash	**19,290**	20,912	-7.8%
Total assets	**451,838**	436,836	3.4%
Equity attributable to equity holders of the Company	**76,138**	72,285	5.3%

	For the six months ended 30 June		
	2019 (unaudited) *(RMB in millions)*	2018 (restated) (unaudited) *(RMB in millions)*	Growth rate
Revenue	**112,164**	95,242	17.8%
Profit after tax	**8,814**	6,747	30.6%
Profit attributable to equity holders of the Company	**5,767**	3,812	51.3%
Net cash flows from operating activities	**18,274**	15,807	15.6%

Sales volume of cement and clinker *(in thousand tonnes)*	**170,259**	160,705	5.9%
Sales volume of commercial concrete *(in thousand m^3)*	**49,226**	42,045	17.1%
Sales volume of aggregate *(in thousand tonnes)*	**23,887**	14,182	68.4%
Sales volume of gypsum boards *(in million m^2)*	**904**	866	4.4%
Sales volume of glass fiber yarn *(in thousand tonnes)*	**1,137**	1,090	4.3%
Sales volume of rotor blade *(MW)*	**4,483**	2,025	121.4%
Revenue from engineering services *(RMB in millions)*	**17,301**	15,344	12.8%
Average selling price of cement and clinker *(RMB per tonne)*	**339.6**	310.9	9.2%
Average selling price of commercial concrete *(RMB per m^3)*	**464.5**	422.9	9.8%
Average selling price of aggregate *(RMB per tonne)*	**58.5**	44.6	31.2%
Average selling price of gypsum board *(RMB per m^2)*	**5.45**	5.81	-6.2%
Average selling price of glass fiber yarn *(RMB per tonne)*	**5,137**	5,469	-6.1%
Average selling price of rotor blade *(RMB per MW)*	**630,255**	649,464	-3.0%

Contents

This interim report, in both Chinese and English versions, is available on the Company's website at http://cnbm.wsfg.hk (the "Company Website"). Shareholders who have chosen or are deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or downloading the Corporate Communications posted on the Company Website will promptly upon request be sent the Corporate Communications in printed form free of charge.

Shareholders may at any time change their choices of the means of receipt of Corporate Communications (either in printed form or via the Company Website).

Shareholders may at any time send their requests to receive the interim report in printed form and/or to change their choices of the means of receipt of Corporate Communications by notice in writing to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, or by sending an email to the Company's H Share Registrar in Hong Kong at cnbm3323-ecom@hk.tricorglobal.com.

Corporate Information

DIRECTORS:

Executive Directors

Cao Jianglin *(Chairman)*
Peng Shou *(President)*
Cui Xingtai *(Vice President)*

Non-executive Directors

Xu Weibing
Chang Zhangli
Tao Zheng
Chen Yongxin
Shen Yungang
Fan Xiaoyan

Independent Non-executive Directors

Sun Yanjun
Liu Jianwen
Zhou Fangsheng
Qian Fengsheng
Xia Xue

STRATEGIC STEERING COMMITTEE:

Cao Jianglin *(Chairman)*
Peng Shou
Zhou Fangsheng

NOMINATION COMMITTEE:

Sun Yanjun *(Chairman)*
Liu Jianwen
Cao Jianglin

Note: Mr. Peng Jianxin has reached the legal age for retirement. The Company has received the written resignation report from Mr. Peng Jianxin for tendering his resignation from his position as the Vice Chairman and an Executive Director of the Company, which took effect on 30 July 2019.

REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE:

Zhou Fangsheng *(Chairman)*
Sun Yanjun
Cao Jianglin

AUDIT COMMITTEE:

Qian Fengsheng *(Chairman)*
Liu Jianwen
Xia Xue

SUPERVISORS:

Li Xinhua *(Chairman of the Supervisory Committee)*
Zhou Guoping
Guo Yanming
Wu Weiku *(Independent Supervisor)*
Li Xuan *(Independent Supervisor)*
Cui Shuhong *(Staff Representative Supervisor)*
Wang Yingcai *(Staff Representative Supervisor)*
Zeng Xuan *(Staff Representative Supervisor)*

Secretary of the Board	:	Yu Kaijun
Joint Company Secretaries	:	Yu Kaijun Lo Yee Har Susan (FCS, FCIS)
Authorised Representatives	:	Cao Jianglin Yu Kaijun
Alternate Authorised Representative	:	Lo Yee Har Susan (FCS, FCIS) (Lee Mei Yi (FCS, FCIS), alternate to Lo Yee Har Susan)
Qualified Accountant	:	Pei Hongyan (FCCA)
Registered Address	:	Tower 2 (Building B), Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC

Corporate Information (Continued)

Principal Place of Business	:	21st Floor Tower 2, Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
Postal Code	:	100036
Place of Representative Office in Hong Kong	:	Level 54 Hopewell Centre 183 Queen's Road East Hong Kong The PRC
Principal Bankers	:	Agricultural Bank of China Limited Bank of Communications Co., Ltd. China Construction Bank Corporation
PRC Legal Adviser	:	Jia Yuan Law Offices F408 Ocean Plaza, 158 Fuxing Men Nei Street Xicheng District, Beijing The PRC
Hong Kong Legal Adviser	:	Slaughter and May 47th Floor, Jardine House 1 Connaught Place Central Hong Kong The PRC DLA Piper Hong Kong 17/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central Hong Kong The PRC

Corporate Information (Continued)

International Auditor	:	Baker Tilly Hong Kong Limited 2nd Floor 625 King's Road, North Point Hong Kong The PRC
Domestic Auditor	:	Baker Tilly China Certified Public Accountants Building 12, Foreign Cultural and Creative Garden No. 19, Chegongzhuang West Road Haidian District, Beijing The PRC
H Share Registrar in Hong Kong	:	Tricor Investor Services Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong The PRC
Stock Code	:	03323
Company Websites	:	http://cnbm.wsfg.hk www.cnbmltd.com

Definitions

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below:

"13th Five-Year Plan"	the 13th Five-Year Plan for Economic and Social Development of the People's Republic of China
"2422"	the reduction of account receivables and inventory; the reduction of other receivables, prepayments, interest-bearing liabilities and monetary capital; the reduction of asset-liability ratio and capital expenditure; and the reduction of the number of employees and legal persons.
"ABC Investment"	農銀金融資產投資有限公司 (Agricultural Bank Financial Assets Investment Co., Ltd.)
"Aksu Tianshan"	阿克蘇天山多浪水泥有限責任公司 (Aksu Tianshan Duolang Cement Co., Ltd.)
"Anhui Jieyuan"	安徽節源環保科技有限公司 (Anhui Jieyuan Environmental Protection Technology Co., Ltd.)
"Baishan Cement"	金剛(集團)白山水泥有限公司 (Jingang (Group) Baishan Cement Company Limited)
"BBMG"	北京金隅資產經營管理有限責任公司 (BBMG Assets Management Co., Ltd.)
"Beijing Composite"	北京玻鋼院複合材料有限公司 (Beijing Composite Materials Co., Ltd.)
"Beijing FRP Institute"	北京玻璃鋼研究設計院有限公司 (Beijing FRP Research and Design Institute Co., Ltd.)
"Beijing Synthetic Crystals"	北京中材人工晶體研究院有限公司 (Beijing Sinoma Synthetic Crystals Co., Ltd.)
"Beijing Triumph"	北京凱盛建材工程有限公司 (Beijing Triumph Building Materials Engineering Co., Ltd.)
"Beixin Flooring"	北新彈性地板有限公司 (Beixin Resilient Flooring Co., Ltd.)

"Bengbu Triumph"	蚌埠凱盛工程技術有限公司 (China Triumph Bengbu Engineering and Technology Company Limited)
"BIM"	Building Information Modeling, a complete information model, which is able to integrate the engineering-related information, process and resource of a project at all stages of a full life cycle for the convenience of all parties
"Binzhou Cement"	黑龍江省賓州水泥有限公司 (Heilongjiang Binzhou Cement Company Limited)
"BNBM"	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
"BNBM Green Residence"	北新綠色住宅有限公司 (Beijing New Building Material Green Residence Company Limited)
"BNBM PNG"	中建投巴新公司 (BNBM PNG Limited)
"BNBM Taicang"	太倉北新建材有限公司 (BNBM Taicang Company Limited)
"BNBMG"	北新建材集團有限公司 (Beijing New Building Material (Group) Co., Ltd.)
"BNS"	北新科技發展有限公司 (BNS Company Limited)
"Board"	the board of directors of the Company
"BOCOM Investment"	交銀金融資產投資有限公司 (Bank of Communications Financial Assets Investment Co., Ltd.)
"Building Materials Academy"	中國建築材料科學研究總院有限公司 (China Building Materials Academy Co., Ltd.)
"CBM Holdings"	中國建材控股有限公司 (China Building Material Holdings Co., Limited)

Definitions (Continued)

"CBMI Construction"	中材建設有限公司 (CBMI Construction Co., Ltd.)
"CCDRI"	成都建築材料工業設計研究院有限公司 (Chengdu Design & Research Institute of Building Materials Industry Co., Ltd.)
"Cement+"	to develop, optimise and expand cement, commercial concrete, aggregate businesses which are the extension of industry chain of cement-related products and the new focal points of profit growth
"Chengtong Financial"	北京誠通金控投資有限公司 (Beijing Chengtong Financial Investment Co., Ltd.)
"China Composites"	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
"China Jushi"	中國巨石股份有限公司 (China Jushi Co., Ltd.) (previously known as 中國玻纖股份有限公司 (China Fiberglass Co., Ltd.))
"China Triumph"	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
"China United Cement"	中國聯合水泥集團有限公司 (China United Cement Corporation)
"Chongqing Southwest Cement"	重慶西南水泥有限公司 (Chongqing Southwest Cement Company Limited)
"Cinda"	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.)
"CNBM Assets Management"	中建材資產管理有限公司 (China National Building Material Assets Management Corporation)
"CNBM Investment"	中建材投資有限公司 (CNBM Investment Company Limited) (previously known as 北新物流有限公司 (BND Co., Limited))

"CNBM Trading"	中建材集團進出口有限公司 (China National Building Material Import and Export Co., Ltd.)
"CNBMI Logistics"	中建投物流有限公司 (CNBMI Logistics Company Limited)
"CNBMI Tanzania"	中建材投資坦桑尼亞有限公司 (CNBMI Tanzania Ltd.)
"CNBMIT"	中建投商貿有限公司 (CNBMIT Co., Ltd.)
"Company" or "CNBM"	中國建材股份有限公司 (China National Building Material Company Limited)
"Company Law"	the Company Law of the PRC
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"CTG"	泰山玻璃纖維有限公司 (Taishan Fiberglass Inc.)
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"EPC"	turn-key project services that include design, procurement and construction
"Equipment Group"	中材裝備集團有限公司 (Sinoma Technology & Equipment Group Co., Ltd.)
"external dual benchmarking"	benchmarking Sinoma Cement against industry-leading enterprises, and benchmarking member companies against advanced enterprises in the same region
"Fengyang Triumph"	鳳陽凱盛矽材料有限公司 (Fengyang Triumph Silicon Materials Co., Ltd.)

"Forchn International"	富春國際有限公司 (Forchn International Co., Limited)
"Four Orientations"	high-grade oriented, specialty oriented, ready-mixed concrete oriented and cement products oriented
"Fukang Tianshan"	新疆阜康天山水泥有限責任公司 (Xinjiang Fukang Tianshan Cement Co., Ltd.)
"GDP"	gross domestic product
"Group"	the Company and, except where the context otherwise requires, all its subsidiaries
"Guang An BNBM"	廣安北新建材有限公司 (Guang An BNBM Building Material Company Limited)
"Guangxi South Cement"	廣西南方水泥有限公司 (Guangxi South Cement Company Limited)
"Guizhou Southwest Cement"	貴州西南水泥有限公司 (Guizhou Southwest Cement Company Limited)
"Guoxin Investment"	國新投資有限公司 (Guoxin Investment Co., Ltd.)
"HAZEMAG Germany"	HAZEMAG&EPR GmbH
"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HKD
"Huaihai China United"	淮海中聯水泥有限公司 (China United Cement Huaihai Co., Ltd.)
"Hubei BNBM"	湖北北新建材有限公司 (Hubei BNBM Building Material Company Limited)

"Hunan Chinaly"	湖南中鋰新材料有限公司 (Hunan Chinaly New Material Co., Ltd.)
"Hunan South Cement"	湖南南方水泥集團有限公司 (Hunan South Cement Group Company Limited)
"Independent Third Party(ies)"	person(s) or company(ies) which is (are) independent of the directors, supervisors, controlling shareholder, substantial shareholder and the chief executive (such terms as defined in the Listing Rules) of the Company or any of its subsidiaries or an associate of any of them
"Industrial Ceramics Institute"	山東工業陶瓷研究設計院有限公司 (Shandong Industrial Ceramics Research & Design Institute Co., Ltd.)
"internal benchmarking at three levels"	benchmarking among Sinoma Cement, member companies and workshops
"Jetion Solar"	中建材浚鑫科技股份有限公司 (Jetion Solar (China) Co., Ltd.)
"Jiahua Cement"	嘉華特種水泥股份有限公司 (Jiahua Special Cement Company Limited)
"Jiamusi North Cement"	佳木斯北方水泥有限公司 (Jiamusi North Cement Company Limited)
"Jiangsu Environmental Protection Institute"	中建材環保研究院(江蘇)有限公司 (Jiangsu CTIEC Environmental Protection Research Institute Co., Ltd.)
"Jiangsu Solar Energy"	江蘇太陽能新材料有限公司 (Jiangsu Solar Energy Materials Co., Ltd.)
"Jiangsu Tianshan"	江蘇天山水泥集團有限公司 (Jiangsu Tianshan Cement (Group) Co., Ltd.)

Definitions (Continued)

"Jiangxi Porcelain"	中材江西電瓷電氣有限公司 (Sinoma Jiangxi Porcelain Electric Co., Ltd.)
"Jiangxi South Cement"	江西南方水泥有限公司 (Jiangxi South Cement Company Limited)
"Jingang Group"	遼源金剛水泥(集團)有限公司 (Liaoyuan Jingang Cement (Group) Company Limited)
"Jushi Group"	巨石集團有限公司 (Jushi Group Company Limited)
"Kashgar Tianshan"	喀什天山水泥有限責任公司 (Kashgar Tianshan Cement Co, Ltd)
"Kharachi Company"	喀喇沁草原水泥有限責任公司 (Kharachi Grassland Cement Co., Ltd.)
"KPI"	key performance index
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"Liyang Tianshan"	溧陽天山水泥有限公司 (Liyang Tianshan Cement Co., Ltd.)
"Lunan China United"	魯南中聯水泥有限公司 (China United Cement Lunan Co., Ltd.)
"Luopu Tianshan"	洛浦天山水泥有限責任公司 (Luopu Tianshan Cement Co., Ltd.)
"Luoyang China United"	洛陽中聯水泥有限公司 (China United Cement Luoyang Co., Ltd.)
"management of three delicacies"	improve operating efficiency, enhance refined management and streamline the organizational structure

"Merger of CNBM and Sinoma"	the merger by absorption of Sinoma by the Company in accordance with the Company Law and other applicable PRC laws as stipulated under the Merger Agreement
"Midong Tianshan"	新疆米東天山水泥有限責任公司 (Xinjiang Midong Tianshan Cement Co., Ltd.)
"MIIT"	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People's Republic of China)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"Nanjing China United Concrete"	南京中聯混凝土有限公司 (China United Concrete Nanjing Co., Ltd.)
"Nanjing Mining"	中國非金屬材料南京礦山工程有限公司 (Sinoma Nanjing Mining Engineering Co., Ltd.)
"Nanjing Triumph"	南京凱盛國際工程有限公司 (Nanjing Triumph International Engineering Company Limited)
"Nanyang China United"	南陽中聯水泥有限公司 (China United Cement Nanyang Co., Ltd.)
"Ningxia Building Materials"	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
"Ningxia Saima"	寧夏賽馬水泥有限公司 (Ningxia Saima Cement Co., Ltd.)
"Nitride Ceramics"	中材高新氮化物陶瓷有限公司 (Sinoma Advanced Nitride Ceramics Co., Ltd.)
"North Cement"	北方水泥有限公司 (North Cement Company Limited)

Definitions (Continued)

"NRDI"	南京玻璃纖維研究設計院有限公司 (Nanjing Fiberglass R&D Institute Co., Ltd.)
"Parent"	中國建材集團有限公司 (China National Building Material Group Co., Ltd.*) (previously known as 中國建築材料集團有限公司 (China National Building Materials Group Corporation))
"Parent Group"	the Parent and its subsidiaries
"PCP"	Price – Cost – Profit
"PRC"	the People's Republic of China
"Qilianshan"	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
"Qilianshan Holdings"	甘肅祁連山建材控股有限公司 (Gansu Qilianshan Building Materials Holdings Company Limited)
"Qingtongxia Cement"	寧夏青銅峽水泥股份有限公司 (Ningxia Qingtongxia Cement Co., Ltd.)
"Qingzhou China United"	青州中聯水泥有限公司 (Qingzhou China United Cement Company Limited)
"Qufu China United"	曲阜中聯水泥有限公司 (Qufu China United Cement Company Limited)
"Reporting Period"	the period from 1 January 2019 to 30 June 2019
"RMB"	Renminbi yuan, the lawful currency of the PRC
"Saima Kejin"	寧夏賽馬科進混凝土有限公司 (Ningxia Saima Kejin Concrete Co., Ltd.)
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Shandong Sinoma Engineering"	山東中材工程有限公司 (Shandong Sinoma Engineering Co., Ltd.)

"Shanghai South Cement"	上海南方水泥有限公司 (Shanghai South Cement Company Limited)
"Shanghai Zhentong"	上海圳通股權投資管理有限公司 (Shanghai Zhentong Equity Investment Management Company Limited)
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares, H Shares and Unlisted Foreign Shares
"Shareholder(s)"	holder(s) of Share(s)
"Shenzhen Triumph"	深圳市凱盛科技工程有限公司 (CTIEC Shenzhen Scieno-tech Engineering Company Limited)
"Sichuan Southwest Cement"	四川西南水泥有限公司 (Sichuan Southwest Cement Company Limited)
"Sinoma"	中國中材股份有限公司 (China National Materials Company Limited), a joint stock company incorporated in the PRC with limited liability
"Sinoma (Gansu)"	中材甘肅水泥有限責任公司 (Sinoma (Gansu) Cement Co., Ltd.)
"Sinoma (Tianshui)"	天水中材水泥有限責任公司 (Sinoma (Tianshui) Cement Co., Ltd.)
"Sinoma Advanced"	中材高新材料股份有限公司 (Sinoma Advanced Materials Co., Ltd.)
"Sinoma Anhui"	中材安徽水泥有限公司 (Sinoma Anhui Cement Co., Ltd.)
"Sinoma Blade"	中材科技風電葉片股份有限公司 (Sinoma Wind Power Blade Co., Ltd.)
"Sinoma Cement"	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)

Definitions (Continued)

"Sinoma Hanjiang"	中材漢江水泥股份有限公司 (Sinoma Hanjiang Cement Co., Ltd.)
"Sinoma Hengda"	中材亨達水泥有限公司 (Sinoma Hengda Cement Co., Ltd.)
"Sinoma International"	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
"Sinoma Investment"	中國中材投資(香港)有限公司 (Sinoma Investment (Hong Kong) Co., Ltd.)
"Sinoma Jinjing"	中材金晶玻纖有限公司 (Sinoma Jinjing Fiberglass Co., Ltd.)
"Sinoma Lithium Membrane"	中材鋰膜有限公司 (Sinoma Lithium Membrane Co., Ltd.)
"Sinoma Luoding"	中材羅定水泥有限公司 (Sinoma Luoding Cement Co., Ltd.)
"Sinoma Mining"	中材礦山建設有限公司 (Sinoma Mining Construction Co., Ltd.)
"Sinoma Parent"	中國中材集團有限公司 (China National Materials Group Corporation Ltd.), a wholly-owned subsidiary of the Parent
"Sinoma Pingxiang"	中材萍鄉水泥有限公司 (Sinoma Pingxiang Cement Co., Ltd.)
"Sinoma Science & Technology"	中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd.)
"Sinoma Suzhou"	蘇州中材建設有限公司 (Sinoma (Suzhou) Construction Co., Ltd.)
"Sinoma Zhuzhou"	中材株洲水泥有限責任公司 (Sinoma Zhuzhou Cement Co., Ltd.)
"South Cement"	南方水泥有限公司 (South Cement Company Limited)

"South New Materials"	南方新材料科技有限公司 (South New Materials Technology Company Limited)
"Southwest Cement"	西南水泥有限公司 (Southwest Cement Company Limited)
"State" or "Government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the member(s) of the Supervisory Committee
"Taishan Finance"	泰安市泰山財金投資有限公司 (Taian Taishan Finance Investment Co., Ltd.)
"Taishan Gypsum"	泰山石膏有限公司 (Taishan Gypsum Co., Ltd*)
"Taishan Investment"	泰安市泰山投資有限公司 (Taian Taishan Investment Co., Ltd.)
"TCDRI"	天津水泥工業設計研究院有限公司 (Tianjin Cement Industry Design & Research Institute Co., Ltd.)
"Tianjin Mining"	天津礦山工程有限公司 (Sinoma Tianjin Mining Engineering Co., Ltd.)
"Tianshan Building Materials"	新疆天山建材(集團)有限責任公司 (Xinjiang Tianshan Building Materials (Group) Co., Ltd.)
"Tianshan Cement"	新疆天山水泥股份有限公司 (Xinjiang Tianshan Cement Co., Ltd.*)
"Triumph Robotics"	中建材凱盛機器人(上海)有限公司 (CNBM Triumph Robotics (Shanghai) Co., Ltd.) (previously known as 江蘇中建材環保研究院有限公司 (Jiangsu CNBM Environmental Protection Research Institute Company Limited))

Definitions (Continued)

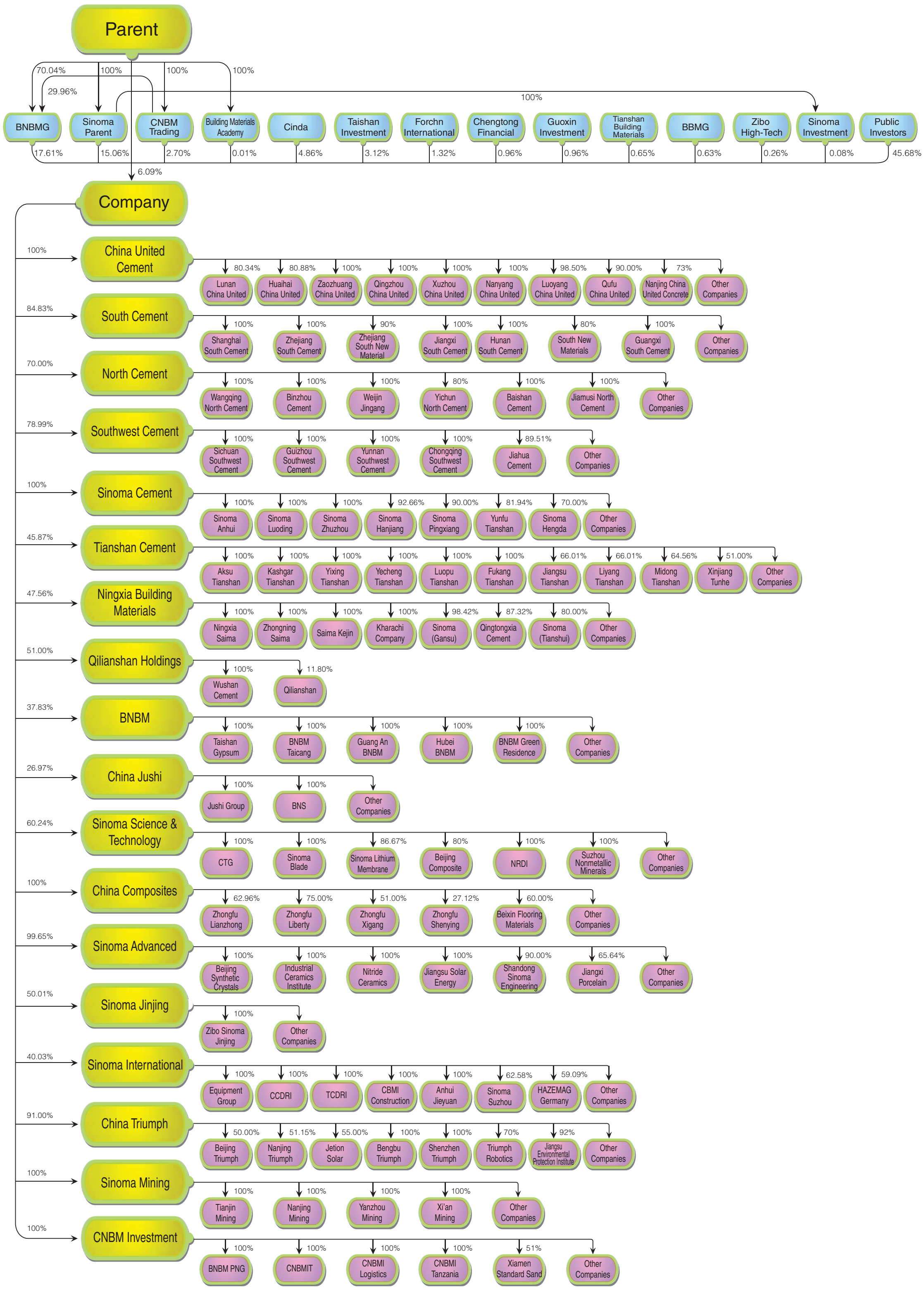
"Two Funds"	the amounts of account receivables and the inventory amount
"Unlisted Foreign Shares"	the unlisted foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company
"Unlisted Shares"	the Domestic Shares and the Unlisted Foreign Shares
"Wangqing North Cement"	汪清北方水泥有限責任公司 (Wangqing North Cement Limited Liability Company)
"Weijin Jingang"	遼源渭津金剛水泥有限公司 (Liaoyuan Weijin Jingang Cement Company Limited)
"Wushan Cement"	祁連山武山水泥廠 (Qilianshan Wushan Cement Factory)
"Xi'an Mining"	中國建築材料工業建設西安工程有限公司 (China Building Materials Industrial Construction Xi'an Engineering Co., Ltd.)
"Xiamen Standard Sand"	廈門艾思歐標準砂有限公司 (Xiamen ISO Standard Sand Co., Ltd.)
"Xinjiang Tunhe"	新疆屯河水泥有限責任公司 (Xinjiang Tunhe Cement Co., Ltd.)
"Xuzhou China United"	徐州中聯水泥有限公司 (China United Cement Xuzhou Co., Ltd.)
"Yanzhou Mining"	兗州中材建設有限公司 (Sinoma Construction Yanzhou Co., Ltd.)
"Yecheng Tianshan"	葉城天山水泥有限責任公司 (Yecheng Tianshan Cement Co., Ltd.)
"Yichun North Cement"	伊春北方水泥有限公司 (Yichun North Cement Company Limited)
"Yixing Tianshan"	宜興天山水泥有限責任公司 (Yixing Tianshan Cement Co., Ltd.)

"Yunfu Tianshan"	中材天山(雲浮)水泥有限公司 (Sinoma Yunfu Tianshan Cement Co., Ltd.)
"Yunnan Southwest Cement"	雲南西南水泥有限公司 (Yunnan Southwest Cement Company Limited)
"Zaozhuang China United"	棗莊中聯水泥有限公司 (China United Cement Zaozhuang Co., Ltd.)
"Zhejiang South Cement"	浙江南方水泥有限公司 (Zhejiang South Cement Company Limited*)
"Zhejiang South New Material"	浙江三獅南方新材料有限公司 (Zhejiang Sanshi South New Material Limited Company)
"Zhongfu Lianzhong"	連雲港中複連眾複合材料集團有限公司 (Lianyungang Zhongfu Lianzhong Composites Group Co., Ltd)
"Zhongfu Liberty"	常州中複麗寶第複合材料有限公司 (Changzhou China Composites Liberty Co., Ltd.)
"Zhongfu Shenying"	中複神鷹碳纖維有限責任公司 (Zhongfu Shenying Carbon Fiber Co., Ltd)
"Zhongfu Xigang"	威海中複西港船艇有限公司 (Weihai Zhongfu Xigang Ship Co., Ltd.)
"Zhongning Saima"	寧夏中寧賽馬水泥有限公司 (Ningxia Zhongning Saima Cement Co., Ltd.)
"Zibo High-Tech"	淄博高新技術風險投資股份有限公司 (Zibo High-Tech Venture Investment Co., Ltd.)
"Zibo Sinoma Jinjing"	淄博中材金晶玻纖有限公司 (Zibo Sinoma Jinjing Fiberglass Co., Ltd.)
"Zunyi Scitus"	遵義賽德水泥有限公司 (Zunyi Scitus Cement Co., Ltd.)

* *For identification purposes only*

Shareholding Structure of the Group

The simplified structure of the Group as of 30 June 2019 is set out below:



Note:

1. The aforementioned percentages are rounded to 2 decimal places. Due to being rounded, the total percentage of shareholdings may be discrepant with the total amount.

2. In August 2015, the Parent increased its shareholding of H Shares of the Company by 8.536 million shares, accounting for 0.10% of the total share capital.

3. Prior to the Merger of CNBM and Sinoma, the Parent held 8.00 million H Shares of Sinoma through Sinoma Investment, a wholly-owned overseas subsidiary of Sinoma Parent. After completion of the Merger of CNBM and Sinoma, Sinoma Investment held 6.80 million H Shares of the Company, representing for 0.08% of the total share capital of the Company.

4. The Company indirectly held 11.80% equity interest of Qilianshan through Qilianshan Holdings and directly held 13.24% equity interest of Qilianshan.

5. Sinoma International indirectly held 37.42% equity interest in Sinoma Suzhou through CBMI Construction, and directly held 62.58% equity interest in Sinoma Suzhou.

6. On 26 December 2018, the Company entered into equity transfer agreements with Hunan Xingxiang Investment Holding Group Co., Ltd. (湖南興湘投資控股集團有限公司), Zhejiang Bangda Investment Co., Ltd. (浙江邦達投資有限公司) and other minority shareholders of South Cement, respectively, pursuant to which the Company agreed to be transferred a total of 5.875% equity interest held in South Cement. The Company's shareholding in South Cement increased from 87.5525% to 93.4275%. On 26 April 2019, South Cement had completed the registration of industrial and commercial changes for the above equity transfer.

   On 27 December 2018, the Company entered into a capital increase agreement with ABC Investment and BOCOM Investment, pursuant to which each of ABC Investment and BOCOM Investment contributes RMB1 billion to South Cement with a total contribution amount of RMB2 billion. The Company's shareholding in South Cement decreased from 93.4275% to 84.8288%. On 27 June 2019, South Cement had completed the registration of industrial and commercial changes for the above capital increase.

7. On 26 December 2018, the Company entered into an equity transfer agreement with Shanghai Zhentong, pursuant to which the Company agreed to be transferred 3.5% equity interest held in Southwest Cement. The Company's shareholding in Southwest Cement increased from 88.7% to 92.2%. On 28 April 2019, Southwest Cement had completed the registration of industrial and commercial changes for the above equity transfer.

   On 26 December 2018, the Company entered into a capital increase agreement with ABC Investment and BOCOM Investment, pursuant to which each of ABC Investment and BOCOM Investment contributes RMB1 billion to Southwest Cement with a total contribution amount of RMB2 billion. The Company's shareholding in Southwest Cement decreased from 92.2% to 78.9861%. On 28 April 2019, South Cement had completed the registration of industrial and commercial changes for the above capital increase.

8. On 31 May 2019, the Company, Sinoma and CNBM Investment entered into an equity transfer agreement, pursuant to which the Company and Sinoma, as the joint transferor, would transfer 51% equity interest held in Xiamen Standard Sand to CNBM Investment. As of today, the registration of industrial and commercial changes for the above equity transfer has not been completed.

9. On 26 December 2018, South Cement entered into an equity transfer agreement with Shanghai Zhentong, pursuant to which South Cement agreed to be transferred 1.675% equity interest held by Shanghai Zhentong in North Cement. The registration of industrial and commercial changes for the above transaction had been completed on 6 June 2019.

Financial Highlights

	For the six months ended 30 June	
	2019	2018
		(restated)
	(unaudited)	(unaudited)
	(RMB in thousands)	
Revenue	**112,163,609**	95,242,045
Gross profit	**33,359,259**	28,518,626
Profit after tax	**8,814,479**	6,746,905
Profit attributable to equity holders of the Company	**5,767,470**	3,811,771
Distribution made to the equity holders of the Company	**1,518,259**	843,477
Earnings per share-basic *(RMB)*(1)	**0.684**	0.452

Note:

(1) The calculations of basic earnings per share are based on the profit attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 shares for the six months ended 30 June 2019 and for the six months ended 30 June 2018.

	As at	As at
	30 June 2019	31 December 2018
		(restated)
	(unaudited)	(unaudited)
	(RMB in thousands)	
Total assets	**451,838,426**	436,836,027
Total liabilities	**305,964,249**	300,329,825
Net assets	**145,874,177**	136,506,202
Non-controlling interests	**45,575,084**	42,002,310
Equity attributable to equity holders of the Company	**76,137,907**	72,284,805
Net assets per share-weighted average *(RMB)*(1)	**9.03**	8.57
Debt to assets ratio(2)	**43.7%**	45.6%
Net debt ratio(3)	**122.3%**	130.5%

Note:

(1) The calculations of weighted average net assets per share are based on the equity attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 shares for 2018 and for the six months ended 30 June 2019.

(2) Debt to assets ratio =total borrowings/total assets x 100%.

(3) Net debt ratio =（total borrowings-cash and cash equivalents）/net assets x100%.

The major operating data of each segment of the Group for the six months ended 30 June 2019 and 30 June 2018 are set out below:

CEMENT SEGMENT

China United Cement

	For the six months ended 30 June	
	2019	2018
Production volume – cement *(in thousand tonnes)*	**29,117**	24,146
Production volume – clinker *(in thousand tonnes)*	**25,549**	21,276
Sales volume – cement *(in thousand tonnes)*	**25,299**	21,619
Sales volume – clinker *(in thousand tonnes)*	**5,720**	5,679
Average selling price – cement *(RMB per tonne)*	**378.4**	332.4
Average selling price – clinker *(RMB per tonne)*	**313.4**	278.8
Sales volume – commercial concrete *(in thousand m^3)*	**21,914**	15,123
Average selling price – commercial concrete *(RMB per m^3)*	**461.9**	433.3

South Cement

	For the six months ended 30 June	
	2019	2018
Production volume – cement *(in thousand tonnes)*	**42,830**	42,624
Production volume – clinker *(in thousand tonnes)*	**39,210**	38,261
Sales volume – cement *(in thousand tonnes)*	**41,093**	42,005
Sales volume – clinker *(in thousand tonnes)*	**10,914**	9,188
Average selling price – cement *(RMB per tonne)*	**357.5**	326.5
Average selling price – clinker *(RMB per tonne)*	**332.0**	316.9
Sales volume – commercial concrete *(in thousand m^3)*	**22,371**	22,370
Average selling price – commercial concrete *(RMB per m^3)*	**485.0**	429.1

CEMENT SEGMENT (CONTINUED)

North Cement

	For the six months ended 30 June	
	2019	2018
Production volume – cement *(in thousand tonnes)*	**6,118**	4,347
Production volume – clinker *(in thousand tonnes)*	**4,958**	3,373
Sales volume – cement *(in thousand tonnes)*	**5,750**	4,345
Sales volume – clinker *(in thousand tonnes)*	**561**	225
Average selling price – cement *(RMB per tonne)*	**316.9**	358.2
Average selling price – clinker *(RMB per tonne)*	**254.6**	330.7
Sales volume – commercial concrete *(in thousand m^3)*	**1,269**	1,017
Average selling price – commercial concrete *(RMB per m^3)*	**341.4**	363.6

Southwest Cement

	For the six months ended 30 June	
	2019	2018
Production volume – cement *(in thousand tonnes)*	**43,000**	42,583
Production volume – clinker *(in thousand tonnes)*	**35,009**	33,527
Sales volume – cement *(in thousand tonnes)*	**41,915**	42,087
Sales volume – clinker *(in thousand tonnes)*	**1,796**	1,630
Average selling price – cement *(RMB per tonne)*	**320.3**	289.3
Average selling price – clinker *(RMB per tonne)*	**281.3**	266.6
Sales volume – commercial concrete *(in thousand m^3)*	**550**	716
Average selling price – commercial concrete *(RMB per m^3)*	**331.8**	292.3

CEMENT SEGMENT (CONTINUED)

Sinoma Cement

	For the six months ended 30 June	
	2019	2018
Production volume – cement *(in thousand tonnes)*	**9,719**	9,964
Production volume – clinker *(in thousand tonnes)*	**10,312**	9,705
Sales volume – cement *(in thousand tonnes)*	**9,050**	9,955
Sales volume – clinker *(in thousand tonnes)*	**2,400**	2,083
Average selling price – cement *(RMB per tonne)*	**376.2**	322.6
Average selling price – clinker *(RMB per tonne)*	**318.2**	300.4
Sales volume – commercial concrete *(in thousand m^3)*	**371**	375
Average selling price – commercial concrete *(RMB per m^3)*	**458.9**	438.1

Tianshan Cement

	For the six months ended 30 June	
	2019	2018
Production volume – cement *(in thousand tonnes)*	**7,004**	5,899
Production volume – clinker *(in thousand tonnes)*	**7,269**	6,229
Sales volume – cement *(in thousand tonnes)*	**7,016**	5,999
Sales volume – clinker *(in thousand tonnes)*	**1,951**	1,557
Average selling price – cement *(RMB per tonne)*	**427.3**	362.8
Average selling price – clinker *(RMB per tonne)*	**267.8**	251.8
Sales volume – commercial concrete *(in thousand m^3)*	**765**	749
Average selling price – commercial concrete *(RMB per m^3)*	**435.3**	440.4

CEMENT SEGMENT (CONTINUED)

Ningxia Building Materials

	For the six months ended 30 June	
	2019	2018
Production volume – cement *(in thousand tonnes)*	**6,227**	5,659
Production volume – clinker *(in thousand tonnes)*	**4,769**	4,472
Sales volume – cement *(in thousand tonnes)*	**5,859**	5,533
Sales volume – clinker *(in thousand tonnes)*	**556**	277
Average selling price – cement *(RMB per tonne)*	**262.3**	253.0
Average selling price – clinker *(RMB per tonne)*	**203.5**	250.2
Sales volume – commercial concrete *(in thousand m^3)*	**635**	495
Average selling price – commercial concrete *(RMB per m^3)*	**336.4**	324.0

Qilianshan

	For the six months ended 30 June	
	2019	2018
Production volume – cement *(in thousand tonnes)*	**8,905**	7,372
Production volume – clinker *(in thousand tonnes)*	**6,973**	5,595
Sales volume – cement *(in thousand tonnes)*	**9,039**	7,577
Sales volume – clinker *(in thousand tonnes)*	**610**	53
Average selling price – cement *(RMB per tonne)*	**279.8**	285.5
Average selling price – clinker *(RMB per tonne)*	**199.1**	229.9
Sales volume – commercial concrete *(in thousand m^3)*	**559**	366
Average selling price – commercial concrete *(RMB per m^3)*	**381.1**	365.1

NEW MATERIALS SEGMENT

BNBM

	For the six months ended 30 June	
	2019	2018
Gypsum board – BNBM		
Production volume *(in million m^2)*	**165.3**	156.5
Sales volume *(in million m^2)*	**169.0**	150.3
Average selling price *(RMB per m^2)*	**7.42**	7.79
Gypsum board – Taishan Gypsum		
Production volume *(in million m^2)*	**731.1**	717.9
Sales volume *(in million m^2)*	**703.7**	715.4
Average selling price *(RMB per m^2)*	**5.04**	5.40

China Jushi

	For the six months ended 30 June	
	2019	2018
Glass fiber yarn		
Production volume *(in thousand tonnes)*	**915**	711
Sales volume *(in thousand tonnes)*	**753**	749
Average selling price *(RMB per tonne)*	**4,866**	5,144

NEW MATERIALS SEGMENT (CONTINUED)

Sinoma Science & Technology

	For the six months ended 30 June	
	2019	2018
Glass fiber yarn		
Production volume *(in thousand tonnes)*	**359**	348
Sales volume *(in thousand tonnes)*	**338**	340
Average selling price *(RMB per tonne)*	**5,884**	6,195
Rotor blade		
Production volume *(MW)*	**3,902**	2,023
Sales volume *(MW)*	**3,201**	1,338
Average selling price *(RMB per MW)*	**612,616**	624,988

China Composites

	For the six months ended 30 June	
	2019	2018
Rotor blade		
Production volume *(MW)*	**1,367**	888
Sales volume *(MW)*	**1,282**	687
Average selling price *(RMB per MW)*	**674,298**	697,120

The Group is mainly engaged in cement, new materials and engineering services businesses. As regards the current market positions (in terms of the production capacity or contract amount as at 30 June 2019), the Group is:

- the largest cement producer in the world;
- the largest commercial concrete producer in the world;
- the largest gypsum board producer in the world;
- the largest rotor blade producer in the PRC;
- the largest glass fiber producer in the world;
- the largest cement engineering service provider in the world;
- the world's leading glass engineering service provider.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW

In the first half of 2019, China's economy maintained the development momentum of overall stability amidst progress, with GDP growing at 6.3% year on year and optimised economic structure. Fixed-asset investment rose 5.8% year on year, presenting steady growth momentum. In particular, to overcome its weakness, infrastructure investment grew 4.1% year on year with rebounded growth rate. Property development investment grew 10.9% year on year, maintaining strong growth momentum. The production and operation of the building materials industry was generally stable, with fruitful results achieved in transformation and upgrading, as well as increased economic performance.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

In the first half of 2019, in light of the continued complex domestic and overseas environment, the Group strengthened the “management of three delicacies” to continuously improve operating efficiency, enhance refined management and streamline the organizational structure, based upon reducing costs, enhancing efficiency and further implementing the “2422” reduction works. The Group paid close attention to adjustment and transformation and made greater efforts on promotion of core businesses, green development and international operations. The Group vigorously facilitated innovation-driven development by valuing technological innovation and making every effort to promote industry-research cooperation, the establishment of mass entrepreneurship and innovation platform and the innovation incentive mechanism. The Group strengthened party building to lead high-quality corporate development with high-quality party building. In the first half of the year, compared with the same period of last year, the sales volume of cement and clinker of the Group increased by 5.9% to 170.3 million tonnes, the sales volume of commercial concrete increased by 17.1% year on year to 49.2 million cubic metres, the sales volume of aggregate increased by 68.4% year on year to 23.9 million tonnes, the sales volume of gypsum board increased by 4.4% year on year to 904 million square metres, the sales volume of glass fiber yarn increased by 4.3% year on year to 1.14 million tonnes and the sales volume of rotor blade increased by 121.4% year on year to 4,483 MW. The revenue from engineering services of the Group amounted to RMB17,301 million, representing a 12.8% increase year on year. The revenue of the Group amounted to RMB112,164 million, representing a 17.8% increase year on year. Profit attributable to equity holders of the Company amounted to RMB5,767 million, representing a 51.3% increase year on year.

Cement Segment

Review of the cement industry in the PRC in the first half of 2019

In the first half of 2019, supported by property investment and driven by enhancing infrastructure to overcome weakness, cement demand presented comparatively rapid growth for the first time after reaching a plateau. The production volume of cement in the PRC amounted to 1,045 million tonnes, representing a 4.8% increase year on year. Although the issue of overcapacity still stands out, the State continued to promote the supply-side structural reform, and fully implemented peak shifting production and reduced output for environment protection purpose, which led to the improved supply and demand relation, low level of inventory and moderate growth momentum of the industry.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

Cement Segment (Continued)

Review of the cement industry in the PRC in the first half of 2019 (Continued)

In 2019, a new round of environmental protection, supervision and inspection officially commenced, which focused on the prevention and control of pollution with expanded scope of supervision and inspection. The in-depth supervision and inspection were promoted from the perspective of macro-environmental protection to with stronger institutional guarantee. The National Development and Reform Commission prescribed clinker production lines of 2000t/d and below as products with limited development. MIIT issued the Catalog for Guilding Industry Transfer, pursuant to which, some provinces and cities ceased to undertake the transfer of cement industry and guided some provinces and cities to exit the cement industry. The law enforcement and supervision on eco-environmental protection continued, and the supply-side structural reform in the industry remained the main foundation.

Review of the cement segment business of the Group in the first half of 2019

For the cement segment, the Group proactively rose up to the challenges posed by severe cement overcapacity, mine rehabilitation and energy consumption control, and continuous increase in raw material procurement costs. With the purpose of further implementing the ideology of “PCP”, the Group resolutely practised peak shifting production and restricted output for environment protection purpose, accelerated the supply-side structural reform and placed equal emphasis on the reduction of production capacity and output. The Group promoted the in-depth implementation of the “Cement+” strategy, which contributed to the layout optimization of cement, strengthened the core profit area of commercial concrete and accelerated the development of aggregates. The Group also practised the “management of three delicacies” in depth to reduce costs and improve performance, optimise asset structure and promote efficiency.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

Cement Segment (Continued)

China United Cement

China United Cement put into practice the philosophy of "PCP" by placing equal emphasis on price and output to outperform the market, and made new breakthroughs in operating results. China United Cement promoted institutionalised peak shifting production and healthy development of the industry, made greater efforts to advance the "Cement+" industrial strategy through in-depth organizational integration of cement companies with commercial concrete and aggregate companies, and establishment of an integrated operation management system.

China United Cement strengthened the "management of three delicacies" with focus on enhancing refined management to explore internal potential for cost reduction and efficiency enhancement; carried out mine-corporation cooperation to increase the procurement of direct-supply coal; further advanced the establishment of the centralised material procurement platform to fully implement online procurement; strengthened production operation management and enhanced the promotion and application of new technologies to reduce production energy consumption; and facilitated the innovation of incentive mechanism by implementing the excess profit sharing scheme, and standardised and optimised remuneration plan.

Adhering to the development philosophy of "developing cement, optimising commercial concrete, expanding aggregate, and reinforcing comprehensive utilisation businesses", China United Cement optimised the strategic layout for the development of "Cement+" business to consolidate the core profit-generating regions; and spared no efforts to facilitate the integration of large-scale mines and construction of large-scale aggregate base projects, and steadily promoted synergetic treatment projects and prefabricated construction projects.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

Cement Segment (Continued)

South Cement

South Cement strictly implemented peak shifting production and restricted output for environment protection purpose to deepen industrial self-discipline; with supply-side structural reform as the main theme, further pushed forward large and small kilns connection and clinker resource replacement to optimise supply structure; optimised market development and customer system establishment, reinforced coordination and planning of key projects, and strengthened fundamental markets integration to increase its shares in core markets; and actively responded to the impact brought by imported clinker and clinker cement from the north to maintain regional market stability.

South Cement further implemented the “management of three delicacies” and the “2422” special reduction works, resulting in the further improvement of operation quality; streamlined the organizational structure and further enhanced labour productivity; continued to reduce costs and advance refined management through overall budget management and refined management of all employees and the whole production process; and promoted operational refinement through innovative business modes and improved business environment.

South Cement accelerated optimisation and upgrading, and advanced the establishment and layout optimisation of environmentally-friendly and smart plants to enhance overall competitiveness; continued to advance mine integration for the construction of standard mines, benchmark mines and environmentally-friendly mines, and leveled up mine management in an all-round way; and accelerated the development of aggregate projects through reorganisation and increase of aggregate reserve.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

Cement Segment (Continued)

North Cement

Due to the challenging business situation, highlighted by the issue of supply and demand conflict, North Cement maintained its market share through the headquarters' unified instruction, overall planning and balancing for each region; firmly implemented peak shifting production, and carried out proper clinker production allocation to reduce logistics costs.

North Cement took the initiative to explore new products while putting slow-setting cement and low-alkali cement into mass production, so as to meet market demands. The company preliminarily established the North Cement information management platform, and set up regional material procurement centers in each management district.

Southwest Cement

In strict compliance with environmental protection policies, Southwest Cement strengthened self-discipline in seasonal output reduction and peak shifting production; attached importance to key projects and major clients to increase the sales volume of high grade cement and further explored the market for civilian use, and further optimised the market structure, product structure and customer structure to enter the home decoration cement market.

Southwest Cement has established 18 marketing centers which completes the establishment of "production and sales separation" in each region, and has set up 8 regional management committees to enhance regional management through resource sharing and headquarter-branch connection. It also promoted, step-by-step, the intelligent logistics system to effectively improve the efficiency of material procurement and management supported by the information platform, and formulated in advance a customised proposal for the specialty materials used in Sichuan-Tibet railways by leveraging the technical advantage of Jiahua Teshui Research Institute.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

Cement Segment (Continued)

Southwest Cement (Continued)

Southwest Cement made breakthroughs in transformation and upgrading. For instance, the "intelligent demonstration production line" of Guizhou Zunyi Scitus was put into trial production, and the construction of aggregate projects was actively promoted. Southwest Cement implemented an asset-light operation mode for special cement to increase step-by-step its shares in special cement (such as oil well cement and hydraulic engineering cement) markets. It also strengthened the management of mines and mineral products, and undertook pilot projects of environmentally-friendly mines and digital mines.

Sinoma Cement

Adhering to the business philosophy of "PCP", Sinoma Cement actively addressed the impacts brought by seasonality and production suspension of kilns for environmental protection purpose by optimising its market strategy based on regional differentiation, so as to stabilise output and ensure price stability; and enhanced regional marketing resources sharing for in-depth marketing integration, so as to achieve market stability.

Sinoma Cement strengthened the refined management of the whole process, and continued to implement the benchmarking management system of "internal benchmarking at three levels" and "external dual benchmarking", resulting in the continuous improvement of process parameters and continuous decrease in unit energy consumption, as well as the steady enhancement of operation quality and sustainable development capability. It also conducted centralised capital management to reduce financing costs and capital investment costs.

In terms of international operations, the Zambia Industry Park has advanced production and operation indicators with stable product quality. Sinoma Cement promoted transformation and upgrading, implemented the "Cement+" strategy in an orderly manner, and made steady progress in the sludge and hazardous waste disposal project.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

Cement Segment (Continued)

Tianshan Cement

Adhering to the business philosophy of "PCP", Tianshan Cement steadily strengthened regional peak shifting production; by seizing the opportunity brought by the momentum of steady progress of Xinjiang's economy, it adopted the targeted sales strategy based on the characteristics of the regional market, resulting in the year-on-year increase in price and volume.

Tianshan Cement implemented the "management of three delicacies", further promoted benchmarking, intensified performance assessment, and further reduced costs and enhanced efficiency; strengthened comprehensive budget management and refined management; and implemented the tender and procurement separation to promote standard and institutionalised procurement process.

Tianshan Cement accelerated the development of information technology to push forward intelligent management and promote management efficiency, and consolidated the e-commerce platform to further increase online sales volume.

Ningxia Building Materials

With the purpose of implementing the supply-side structural reform, Ningxia Building Materials firmly implemented peak shifting production to improve market supply and demand; continued to promote technology and equipment upgrading for the development of high-end products, so as to increase the market share of high-performance and high value-added products, such as low alkali, oil well, sulfur-resistant and well cementation materials.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

Cement Segment (Continued)

Ningxia Building Materials (Continued)

With the thinking mode and technology of "Internet+", Ningxia Building Materials integrated the resources at three levels, i.e., intelligent production and manufacturing, information-based operation and management, and service support network, so as to improve labour productivity, enhance operation quality, reduce production costs, and develop business mode innovation.

Ningxia Building Materials continued to extend the industry chain, and formed a "Double+" of "Cement+" and "oil well cement + well cementation materials", and promoted the development of aggregate projects.

Qilianshan

Adhering to the business philosophy of "PCP", Qilianshan thoroughly carried out multi-dimensional as well as delicate competition and cooperation. Qilianshan took into overall consideration the four-in-one relationship of price, sales, market and profitability to implement the business principles of giving priority to efficiency and ensuring market share.

Qilianshan further implemented the "management of three delicacies", and made great efforts on reduction works to streamline the organizational structure; paid attention to KPI and strengthened the staff, and the comprehensive and full process cost and expense control, so as to broaden sources of income and reduce expenditures, as well as reduce costs and enhance efficiency.

With the purpose of accelerating the development of the "Cement+" mode, Qilianshan optimised the layout of cement and commercial concrete, and promoted the implementation of aggregate projects.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

New Materials Segment

BNBM

BNBM promoted the “management of three delicacies” to establish the “advanced and simplified” factory. BNBM also promoted marketing 2.0 to implement marketing upgrade and thus provide integral solutions and promote integrated operation; adhered to the guidance of technological innovation and expanded and developed “Gypsum Board+” business to promote the whole house assembly system.

BNBM started a new round of layout planning, improved its industrial layout through new construction and reorganisation, and actively responded to the “Belt and Road” initiative and steadily pushed forward the global industrial layout, resulting in steady progress in overseas projects.

China Jushi

Guided by market demand, China Jushi deeply promoted structural adjustment, resulting in the continuous increase in sales proportions of high-end and exported products; and continued to enhance technological innovation capability through improvement of production and operation efficiency, to reduce costs and improve performance on an on-going basis. E8 glass fiber formula gained increasing market recognition, and has been applied in a variety of high-end products. China Jushi continued to improve its technical reserve and patent layout of E9 glass fiber formula. Tongxiang intelligent manufacturing base has been put into smooth operation. The company has laid the foundation of an intelligent manufacturing base in Chengdu with an annual capacity of 250,000 tonnes of glass fiber, which will become the first fully intelligent production base of China Jushi.

China Jushi steadily pushed forward the international strategy. The glass fiber production line with an annual capacity of 96,000 tonnes in the United States has commenced operation, and construction of a fiberglass production line with capacity of 100,000 tonnes in India is about to commence, further optimizing the globalisation layout.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

New Materials Segment (Continued)

Sinoma Science & Technology

Sinoma Science & Technology seized the opportunity brought by the recovery of wind power, deeply explored customers' needs, and actively adjusted and upgraded its rotor blade production capacity and product structure, resulting in a significant increase in production, sales and profitability. The "Two Sea Strategy" has been gradually implemented, increasing output in overseas markets and deepening cooperation with offshore wind power customers.

CTG continued to optimise production capacity and product structure, and further promoted cost reduction and efficiency enhancement. With the steady increase in the output of new products, the main products of CTG maintained a comparatively high level of profitability. CTG adhered to the technological innovation-driven development, and strived to increase technology and product reserves, resulting in the adverse increase in the production and sales volume of high-strength, high-modaling, ultra-fine, alkali-resistant, flat glass fiber and other high-tech products.

The Phase I Sinoma Lithium Membrane Project was under smooth operation with continuously improved capacity utilisation rate and reduced costs. The project achieved bulk sale by exploring domestic and overseas major customers. Sinoma Science & Technology invested in the construction of the Phase II Lithium Membrane Project and made capital increase to hold controlling shares of Hunan Chinaly, with the purpose of rapid expansion of production capacity, so as to have access to the core supply system of strategic client orders to increase market share.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

New Materials Segment (Continued)

China Composites

By seizing the good opportunity of the rebounded wind power market, China Composites actively adjusted production and market strategies, and continued to promote the “management of three delicacies” to achieve cost reduction and efficiency enhancement and improvement in management; further implemented the “Two Sea Strategy” by making greater effort on the production and sales of offshore and exported rotor blade, therefore achieving increase in production and sales, as well as profitability; and continued to advance technological innovation and industry-research synergy. Also, the world’s longest 84m-6.25MW glass fiber reinforced rotor blade have been installed for the first time.

The production and sales of carbon fiber were thriving, leading to the significant increase in profits. The project in Xining with an annual production capacity of 20,000 tonnes of high-performance carbon fiber announced its commencement of construction, marking an important step in the layout of the high-end carbon fiber market.

Sinoma Advanced

Sinoma Advanced has earnestly implemented the “management of three delicacies” to continuously promote cost savings and further improved its development quality and product competitiveness; initiated the management tenure and contractual system, contributing to the continuous improvement of the assessment system. It continued to enhance technological innovation by giving full play to the research and development advantages of the Industrial Ceramics Institute and Beijing Synthetic Crystals for joint technical research through industry-research cooperation, and therefore made breakthroughs in key technologies with improved product performance.

It actively explored markets for its electroporcelain and aluminium oxide businesses, and strived to stabilise product prices. The construction of Silicon Nitride Production Line Phase I with capacity of 50 tonnes has been completed.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

Engineering Services Segment

Sinoma International

Focusing on the principal business of cement technical equipment and engineering, Sinoma International further explored key regional market by leveraging the strength of its brand, and took the initiative in seizing the opportunity brought by the transformation and upgrading and green development of the cement industry, resulting in the steady increase in the amount of newly-signed contracts for its principal business. In addition, Sinoma International actively implemented the "Engineering+" strategy to further promote localisation by exploring Southeast Asia, the Middle East, South America, Africa and other key regions. As a result, Sinoma International signed contracts for various diversified engineering projects such as the white sugar refinery of Canal Sugar with a daily capacity of 5,700 tonnes in Egypt and the separator production base with an annual capacity of 4,800 tonnes in Dong Nai, Vietnam. Sinoma International continued to strengthen its technological innovation capability to establish a smart construction and operation system supported by BIM and digital construction, resulting in the effective improvement of management efficiency.

As a pilot enterprise of SASAC's "Double Hundred Actions", Sinoma International further strengthened its corporate governance system, fully promoted the establishment of excess profit sharing mechanism and implemented the reform pilot of market-oriented operation mechanism to actively explore medium- and long-term incentives that cover different groups.

INDUSTRY DEVELOPMENT SUMMARY AND BUSINESS REVIEW (CONTINUED)

Engineering Services Segment (Continued)

China Triumph

China Triumph strived to establish an industrial transformation and upgrading platform with glass engineering as the principal business and technological innovation as the core, with the purpose of accelerating the overseas strategic layout of glass engineering, new energy, intelligent agriculture, thin-film solar energy and new housing businesses. The Fengyang Triumph Special Borosilicate Glass Production Line Project, with fully self-owned core technology, filled in the lack of production of high-borosilicate and fire-proof glass by float process in China. China Triumph also strengthened the reduction and control of the "Two Funds", and continuously improved operation efficiency and profitability.

China Triumph spared no efforts to advance international operation with a multi-dimensional layout in response to the "Belt and Road" initiative, and continuously developed new businesses and new business modes to open up the entire industry chain from R&D, design, equipment manufacturing to engineering services. One of the major projects in the "13th Five-Year Plan" period, namely, the 8.5-Generation TFT-LCD Glass Substrate Production Line Project has commenced operation, marking a key step towards breaking the monopoly of foreign technology and achievement of independent innovation. China Triumph also expanded and extended its industry chain, and focusing on cutting-edge technology, resulted in the photoelectric conversion rate of the CIGS thin-film battery pack assembly reaching 19%, which was a record high.

Sinoma Mining

Sinoma Mining strengthened its mining business connection with cement companies of the Group, and proactively expanded the traditional main business, therefore new progress was made in market operations. It made great efforts on special reduction works by signing the responsibility letter of reduction targets at different levels, and strengthening control, supervision and inspection during the process; and promoted benchmarking management, centralised procurement and project image improvement to strengthen the company's foundation, therefore all operating indicators reached record levels. In addition, Sinoma Mining also took the initiative to advance "Mining Services+" business to expand into the mine ecological restoration and governance industry, making new progress in industrial transformation.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of the year, the domestic and international economic situation will be complicated and severe with increasing unstable and uncertain factors. China's economy is facing new downward pressure, though, with challenges comes opportunities. From a macro perspective, PRC government will continue to insist on the general principle of seeking progress while maintaining stability, carrying out proactive fiscal initiatives and steady monetary policies, and adhering to the supply-side structural reform as the main theme to promote steady and healthy economic development. From the perspective of the industry, in the first half of the year, a good operational foundation has been laid. In the second half of the year, supervision and inspection on environmental protection will continue to advance in depth and the treatment effort of environmental protection will continue to strengthen. It is expected to maintain a stable and improving trend. From the perspective of the Company, with the continuous deepening of management improvement and business integration, it will further achieve high quality development.

The Group resolutely implements high-quality development concepts and strategic deployment. With strict compliance to the working guideline of "maintaining steady growth, focusing on the optimization, promoting reforms, and enhancing party building", management principle of "adhere to priority of efficiency and efficacy, adhere to the main highlight of specialization, adhere to the meticulosity, refinement and solidity, insist on the operating ideology of "PCP", adhere to integration and optimization, adhere to the digitalisation" and management measures of "price stabilisation, cost reduction, quantity guarantee, inventory control and optimization", the Group will strengthen the construction of its profit platform, focus on the main business, strengthen the main business, improve the quality of the main business development, and enhance its core competitiveness and profitability.

First, the Group will fully promote the supply-side structural reform. The Company will implement the "Three-Year Plan for Defending the Blue Sky", strictly implement the peak shifting production, restricted output for environment protection purpose, promote elimination of outdated production capacity, improve the policy of output reduction and production capacity replacement, insist on placing equal emphasis on the reduction in production capacity and output to maintain a healthy operating environment of the industry.

OUTLOOK FOR THE SECOND HALF OF THE YEAR (CONTINUED)

Second, the Group will, with all its strength, promote transformation and upgrading. Focusing on the three major business landscapes of “cement, new material and engineering”, the Group promoted the layout optimization of cement to strengthen the construction of core profit area of commercial concrete and accelerate the development of aggregates. The Group will rapidly promote the development of new materials business, accelerate the transformation of the business into a high-end and intelligent form, and steadily promote globalization to promote “Gypsum Board+” and “Glass fiber+”. The Group will consolidate the traditional advantages of the engineering services business and promote “localization and moderate diversification” to develop “Engineering+”.

Third, the Group will give great effort to promote the “management of three delicacies”. In terms of “improve operating efficiency”, the Company will practice the ideology of “PCP”, focus on marketing, consolidate traditional markets, develop emerging markets, and dig deep into market segments. In terms of “enhance refined management level”, we will improve the level of management digitalization, informationization and intelligence to further reduce costs and expenses, and streamline the management chain. In terms of “streamline the organizational structure”, we will focus on the “2422” special project to optimize the balance sheet so as to streamline organization and personnel.

Fourth, the Group will fully promote integration and optimization. In accordance with the principle of refocus, we will promote the integration of the business sector in an orderly manner to realize resource sharing, mutual complement of advantages, and give full play to synergies.

FINANCIAL REVIEW

The unaudited revenue of the Group increased by 17.8% from RMB95,242.0 million for the six months ended 30 June 2018 to RMB112,163.6 million for the six months ended 30 June 2019. Unaudited profit attributable to equity holders increased by 51.3% from RMB3,811.8 million for the six months ended 30 June 2018 to RMB5,767.5 million for the six months ended 30 June 2019.

Revenue

Our revenue for the six months ended 30 June 2019 amounted to RMB112,163.6 million, representing an increase of 17.8% from RMB95,242.0 million for the six months ended 30 June 2018. This was primarily due to an increase of RMB12,802.5 million in the revenue of the cement segment, an increase of RMB2,631.0 million in the revenue of the new materials segment, and an increase of RMB1,765.5 million in the revenue of the engineering services segment.

Cost of sales

Our cost of sales for the six months ended 30 June 2019 amounted to RMB78,804.4 million, representing an increase of 18.1% from RMB66,723.4 million for the six months ended 30 June 2018. This was primarily due to an increase of RMB7,797.4 million in the cost of sales of the cement segment, an increase of RMB2,302.1 million in the cost of sales of the new materials segment, and an increase of RMB1,495.6 million in the cost of sales of the engineering services segment.

Other income

Other income of the Group increased to RMB2,098.4 million for the six months ended 30 June 2019 from RMB20.4 million for the six months ended 30 June 2018. This was primarily due to the increase in the net gain from the changes in the fair value of financial assets recognized at fair value through profit or loss from RMB-1,210.2 million for the six months ended 30 June 2018 to RMB768.3 million for the six months ended 30 June 2019.

Selling and distribution costs

Selling and distribution costs increased by 8.5% to RMB5,708.0 million for the six months ended 30 June 2019 from RMB5,260.7 million for the six months ended 30 June 2018. This was primarily due to increases of RMB428.2 million in transportation costs and RMB69.2 million in labour costs.

FINANCIAL REVIEW (CONTINUED)

Administrative expenses

Administrative expenses increased by 41.7% to RMB13,456.5 million for the six months ended 30 June 2019 from RMB9,493.9 million for the six months ended 30 June 2018. This was primarily due to an increase of RMB1,794.4 million in litigation settlement, an increase of RMB918.5 million in allowances for impairment of goodwill, an increase of RMB405.1 million in labour costs, an increase of RMB314.0 million in allowances for impairment of receivables, and increases of RMB218.4 million in R&D fee and RMB63.9 million in the amortisation of intangible assets.

Finance costs

Finance costs decreased by 14.5% to RMB4,667.2 million for the six months ended 30 June 2019 from RMB5,456.4 million for the six months ended 30 June 2018, mainly due to the decrease in borrowing costs and reduced borrowings.

Share of profit of associates

The Group's share of profit of associates increased by 16.8% to RMB1,035.0 million for the six months ended 30 June 2019 from RMB886.1 million for the six months ended 30 June 2018, primarily due to an increase in the profit of the associates of the Group in cement business and partially offset by an decrease in the profit of China Jushi, our associate.

Income tax expense

Income tax expense increased by 55.8% to RMB3,846.1 million for the six months ended 30 June 2019 from RMB2,467.8 million for the six months ended 30 June 2018, primarily due to the increase in profit before taxation.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 1.3% to RMB2,455.8 million for the six months ended 30 June 2019 from RMB2,487.8 million for the six months ended 30 June 2018. This was primarily due to the decrease in operating profit of the new materials segment of the Group.

Profit attributable to equity holders of the company

Profit attributable to equity holders of the Company increased by 51.3% to RMB5,767.5 million for the six months ended 30 June 2019 from RMB3,811.8 million for the six months ended 30 June 2018. Net profit margin increased to 5.1% for the six months ended 30 June 2019 from 4.0% for the six months ended 30 June 2018.

FINANCIAL REVIEW (CONTINUED)

Cement segment

China United Cement

Revenue

Revenue of China United Cement increased by 42.8% to RMB22,377.2 million for the six months ended 30 June 2019 from RMB15,675.1 million for the six months ended 30 June 2018, mainly attributable to the increase in the average selling price and the increase in the sales volumes of cement products and commercial concrete.

Cost of sales

Cost of sales of China United Cement increased by 44.3% to RMB15,347.1 million for the six months ended 30 June 2019 from RMB10,639.2 million for the six months ended 30 June 2018, mainly attributable to the increase in sales volume of cement products and commercial concrete and an increase in prices of raw materials and coal.

Gross profit and gross profit margin

Gross profit of China United Cement increased by 39.6% to RMB7,030.1 million for the six months ended 30 June 2019 from RMB5,035.9 million for the six months ended 30 June 2018. Gross profit margin of China United Cement decreased from 32.1% for the six months ended 30 June 2018 to 31.4% for the six months ended 30 June 2019. The decrease in gross profit margin was mainly due to an increase in prices of raw materials and coal, partially offset by the increase in the average selling price of cement products and commercial concrete.

Operating profit

Operating profit of China United Cement increased by 47.7% to RMB2,889.2 million for the six months ended 30 June 2019 from RMB1,955.6 million for the six months ended 30 June 2018. Operating profit margin of China United Cement increased from 12.5% for the six months ended 30 June 2018 to 12.9% for the six months ended 30 June 2019. The increase in operating profit margin was primarily due to the increase in the net gain from the changes in fair value of financial assets recognised at fair value through profit or loss, partially offset by the decrease in gross profit margin.

FINANCIAL REVIEW (CONTINUED)

Cement segment (continued)

South Cement

Revenue

Revenue of South Cement increased by 11.2% to RMB29,170.7 million for the six months ended 30 June 2019 from RMB26,224.1 million for the six months ended 30 June 2018, mainly attributable to the increase in the average selling price of cement products and commercial concrete and the increase in the sales volume of cement products.

Cost of sales

Cost of sales of South Cement increased by 12.2% to RMB20,110.4 million for the six months ended 30 June 2019 from RMB17,924.6 million for the six months ended 30 June 2018, mainly attributable to the increase in the sales volume of cement products and the increase in the prices of raw materials.

Gross profit and gross profit margin

Gross profit of South Cement increased by 9.2% to RMB9,060.3 million for the six months ended 30 June 2019 from RMB8,299.4 million for the six months ended 30 June 2018. Gross profit margin of South Cement decreased from 31.6% for the six months ended 30 June 2018 to 31.1% for the six months ended 30 June 2019. This was mainly attributable to the increase in the prices of raw materials and partially offset by the increase in the average selling price of cement products and commercial concrete.

Operating profit

Operating profit of South Cement increased by 7.1% to RMB4,472.6 million for the six months ended 30 June 2019 from RMB4,174.4 million for the six months ended 30 June 2018. Operating profit margin for the South Cement decreased from 15.9% for the six months ended 30 June 2018 to 15.3% for the six months ended 30 June 2019. This was primarily due to the decrease in gross profit margin and partially offset by the increase of the VAT refund.

FINANCIAL REVIEW (CONTINUED)

Cement segment (continued)

North Cement

Revenue

Revenue of North Cement increased by 19.9% to RMB2,398.1 million for the six months ended 30 June 2019 from RMB2,000.4 million for the six months ended 30 June 2018, mainly attributable to the increase in the sales volume of cement products and commercial concrete and partially offset by the decrease in the average selling price of cement products and commercial concrete.

Cost of sales

Cost of sales of North Cement increased by 47.1% to RMB1,881.7 million for the six months ended 30 June 2019 from RMB1,279.1 million for the six months ended 30 June 2018, mainly attributable to the increase in the sales volume of cement products and commercial concrete and an increase in prices of raw materials and coal.

Gross profit and gross profit margin

Gross profit of North Cement decreased by 28.4% to RMB516.3 million for the six months ended 30 June 2019 from RMB721.3 million for the six months ended 30 June 2018. Gross profit margin of North Cement decreased to 21.5% for the six months ended 30 June 2019 from 36.1% for the six months ended 30 June 2018, mainly attributable to the decrease in the average selling price of cement products and commercial concrete and an increase in prices of raw materials and coal.

Operating profit

Operating profit of North Cement decreased to RMB-123.8 million for the six months ended 30 June 2019 from RMB47.3 million for the six months ended 30 June 2018. Operating profit margin of North Cement decreased from 2.4% for the six months ended 30 June 2018 to -5.2% for the six months ended 30 June 2019, primarily due to the decrease in the gross profit margin, partially offset by the increase in net gain from the changes in the fair value of financial assets recognized at fair value through profit or loss.

FINANCIAL REVIEW (CONTINUED)

Cement segment (continued)

Southwest Cement

Revenue

Revenue of Southwest Cement increased by 10.1% to RMB14,112.7 million for the six months ended 30 June 2019 from RMB12,818.8 million for the six months ended 30 June 2018, mainly attributable to the increase in the average selling price of cement products and commercial concrete, partially offset by decrease in the sales volume of commercial concrete.

Cost of sales

Cost of sales of Southwest Cement increased by 12.5% to RMB9,816.6 million for the six months ended 30 June 2019 from RMB8,726.4 million for the six months ended 30 June 2018, mainly attributable to the increase in prices of raw materials and coal price.

Gross profit and gross profit margin

Gross profit of Southwest Cement increased by 5.0% to RMB4,296.1 million for the six months ended 30 June 2019 from RMB4,092.3 million for the six months ended 30 June 2018. Gross profit margin of Southwest Cement decreased from 31.9% for the six months ended 30 June 2018 to 30.4% for the six months ended 30 June 2019, mainly attributable to the increase in the prices of raw materials and coal and partially offset by the increase in the average selling price of cement products and commercial concrete.

Operating profit

Operating profit of Southwest Cement increased by 5.0% to RMB2,581.2 million for the six months ended 30 June 2019 from RMB2,458.9 million for the six months ended 30 June 2018. Operating profit margin of the Southwest Cement decreased from 19.2% for the six months ended 30 June 2018 to 18.3% for the six months ended 30 June 2019, primarily due to the decrease in the gross profit margin, partially offset by decrease in packaging expenses.

FINANCIAL REVIEW (CONTINUED)

Cement segment (continued)

Sinoma Cement

Revenue

Revenue of Sinoma Cement increased by 9.2% to RMB4,557.1 million for the six months ended 30 June 2019 from RMB4,172.0 million for the six months ended 30 June 2018, mainly attributable to the increase in the average selling price of cement products and commercial concrete, partially offset by the decrease in sales volume of cement products.

Cost of sales

Cost of sales of Sinoma Cement decreased by 1.3% to RMB2,707.2 million for the six months ended 30 June 2019 from RMB2,743.9 million for the six months ended 30 June 2018, mainly attributable to the decrease in sales volume of cement products, partially offset by the increase in the price of raw materials.

Gross profit and gross profit margin

Gross profit of Sinoma Cement increased by 29.5% to RMB1,849.8 million for the six months ended 30 June 2019 from RMB1,428.1 million for the six months ended 30 June 2018. Gross profit margin of Sinoma Cement increased from 34.2% for the six months ended 30 June 2018 to 40.6% for the six months ended 30 June 2019. The increase in gross profit margin was mainly due to the increase in the average selling price of cement products and commercial concrete, partially offset by the increase in the price of raw materials.

Operating profit

Operating profit of Sinoma Cement increased by 33.7% to RMB1,492.4 million for the six months ended 30 June 2019 from RMB1,116.4 million for the six months ended 30 June 2018. Operating profit margin of Sinoma Cement increased from 26.8% for the six months ended 30 June 2018 to 32.7% for the six months ended 30 June 2019. The increase in operating profit margin was primarily due to the increase in gross profit margin.

FINANCIAL REVIEW (CONTINUED)

Cement segment (continued)

Tianshan Cement

Revenue

Revenue of Tianshan Cement increased by 33.0% to RMB3,853.5 million for the six months ended 30 June 2019 from RMB2,898.2 million for the six months ended 30 June 2018, mainly attributable to the increase in the average selling price of cement products and the increase in sales volumes of cement products and commercial concrete, partially offset by the decrease in the average selling price of commercial concrete.

Cost of sales

Cost of sales of Tianshan Cement increased by 30.1% to RMB2,483.4 million for the six months ended 30 June 2019 from RMB1,909.4 million for the six months ended 30 June 2018, mainly attributable to the increase in the sales volumes of cement products and commercial concrete and increase in prices of raw materials and coal.

Gross profit and gross profit margin

Gross profit of Tianshan Cement increased by 38.5% to RMB1,370.0 million for the six months ended 30 June 2019 from RMB988.9 million for the six months ended 30 June 2018. Gross profit margin of Tianshan Cement increased from 34.1% for the six months ended 30 June 2018 to 35.6% for the six months ended 30 June 2019. The increase in gross profit margin was mainly due to the increase in the average selling price of cement products, partially offset by the increase in prices of raw materials and coal.

Operating profit

Operating profit of Tianshan Cement increased by 130.8% to RMB1,257.3 million for the six months ended 30 June 2019 from RMB544.8 million for the six months ended 30 June 2018. Operating profit margin of Tianshan Cement increased from 18.8% for the six months ended 30 June 2018 to 32.6% for the six months ended 30 June 2019. The increase in operating profit margin was primarily due to the increase in gross profit margin and increase in the net gain from changes in fair value of financial assets at fair value through profit or loss.

FINANCIAL REVIEW (CONTINUED)

Cement segment (continued)

Ningxia Building Materials

Revenue

Revenue of Ningxia Building Materials increased by 16.8% to RMB1,933.3 million for the six months ended 30 June 2019 from RMB1,654.8 million for the six months ended 30 June 2018, mainly attributable to the increase in the average selling price and the sales volume of of cement products and commercial concrete.

Cost of sales

Cost of sales of Ningxia Building Materials increased by 18.1% to RMB1,284.1 million for the six months ended 30 June 2019 from RMB1,087.0 million for the six months ended 30 June 2018, mainly attributable to the increase in sales volume of cement products and commercial concrete and the increase in the price of raw materials and coal.

Gross profit and gross profit margin

Gross profit of Ningxia Building Materials increased by 14.3% to RMB649.2 million for the six months ended 30 June 2019 from RMB567.7 million for the six months ended 30 June 2018. Gross profit margin of Ningxia Building Materials decreased from 34.3% for the six months ended 30 June 2018 to 33.6% for the six months ended 30 June 2019. The decrease in gross profit margin was mainly due to increase in the price of raw materials and coal, partially offset by the increase in the average selling price of cement products and commercial concrete.

Operating profit

Operating profit of Ningxia Building Materials increased by 88.0% to RMB397.5 million for the six months ended 30 June 2019 from RMB211.4 million for the six months ended 30 June 2018. Operating profit margin of Ningxia Building Materials increased from 12.8% for the six months ended 30 June 2018 to 20.6% for the six months ended 30 June 2019. The increase in operating profit margin was primarily due to the decrease in repairing fee, partially offset by decrease in gross profit margin.

FINANCIAL REVIEW (CONTINUED)

Cement segment (continued)

Qilianshan

Revenue

Revenue of Qilianshan increased by 23.9% to RMB2,867.2 million for the six months ended 30 June 2019 from RMB2,313.5 million for the six months ended 30 June 2018, mainly attributable to the increase in the sales volume of cement products and commercial concrete and the increase in the average selling price of commercial concrete, partially offset by the decrease in the average selling price of cement products.

Cost of sales

Cost of sales of Qilianshan increased by 17.0% to RMB1,869.4 million for the six months ended 30 June 2019 from RMB1,597.9 million for the six months ended 30 June 2018, mainly attributable to the increase in sales volume of cement products and commercial concrete.

Gross profit and gross profit margin

Gross profit of Qilianshan increased by 39.4% to RMB997.8 million for the six months ended 30 June 2019 from RMB715.6 million for the six months ended 30 June 2018. Gross profit margin of Qilianshan increased from 30.9% for the six months ended 30 June 2018 to 34.8% for the six months ended 30 June 2019. The increase in gross profit margin was mainly due to the increase in the average selling price of commercial concrete, partially offset by the decrease in the average selling price of cement products.

Operating profit

Operating profit of Qilianshan increased by 190.5% to RMB666.8 million for the six months ended 30 June 2019 from RMB229.5 million for the six months ended 30 June 2018. Operating profit margin of Qilianshan increased from 9.9% for the six months ended 30 June 2018 to 23.3% for the six months ended 30 June 2019. The increase in operating profit margin was primarily due to the increase in gross profit margin and increase in the net gain from the changes in the fair value of financial assets recognized at fair value through profit or loss.

FINANCIAL REVIEW (CONTINUED)

New materials segment

BNBM

Revenue

Revenue of BNBM increased by 2.5% to RMB5,800.8 million for the six months ended 30 June 2019 from RMB5,656.9 million for the six months ended 30 June 2018. This was mainly attributable to the increase in the sales volume of gypsum board, partially offset by the decrease in the average selling price of gypsum board.

Cost of sales

Cost of sales of BNBM increased by 5.5% to RMB4,024.3 million for the six months ended 30 June 2019 from RMB3,814.1 million for the six months ended 30 June 2018. This was mainly due to the increase in the sales volume of gypsum board.

Gross profit and gross profit margin

Gross profit of BNBM decreased by 3.6% to RMB1,776.5 million for the six months ended 30 June 2019 from RMB1,842.8 million for the six months ended 30 June 2018. Gross profit margin of BNBM decreased to 30.6% for the six months ended 30 June 2019 from 32.6% for the six months ended 30 June 2018, mainly attributable to the decrease in the average selling price of gypsum board.

Operating profit

Operating profit of BNBM decreased by 138.1% to RMB-573.7 million for the six months ended 30 June 2019 from RMB1,506.4 million for the six months ended 30 June 2018. Operating profit margin of BNBM decreased from 26.6% for the six months ended 30 June 2018 to -9.9% for the six months ended 30 June 2019, mainly attributable to the increase in the settlement expenses in the US of gypsum board, decrease in the VAT returns and decrease in the gross profit margin of gypsum board.

FINANCIAL REVIEW (CONTINUED)

New materials segment (continued)

Sinoma Science & Technology

Revenue

Revenue of Sinoma Science & Technology increased by 28.3% to RMB5,953.4 million for the six months ended 30 June 2019 from RMB4,638.8 million for the six months ended 30 June 2018, mainly attributable to the increase in the sales volume of rotor blade, partially offset by the decrease in the price of rotor blade and glass fiber yarn and the sales volume of glass fiber yarn.

Cost of sales

The cost of sales of Sinoma Science & Technology increased by 28.9% to RMB4,353.6 million for the six months ended 30 June 2019 from RMB3,376.5 million for the six months ended 30 June 2018, mainly attributable to the increase in the sales volume of rotor blade, partially offset by decrease in the costs of rotor blade and glass fiber yarn and the decrease in sales volume of glass fiber yarn.

Gross profit and gross profit margin

Gross profit of Sinoma Science & Technology increased by 26.7% to RMB1,599.8 million for the six months ended 30 June 2019 from RMB1,262.3 million for the six months ended 30 June 2018. Gross profit margin of Sinoma Science & Technology decreased to 26.9% for the six months ended 30 June 2019 from 27.2% for the six months ended 30 June 2018. The decrease in gross profit margin was mainly attributable to the decrease in the gross profit margin of electronic fiberglass fabrics.

Operating profit

Operating profit of Sinoma Science & Technology increased by 36.1% to RMB909.9 million for the six months ended 30 June 2019 from RMB668.4 million for the six months ended 30 June 2018. The operating profit margin of Sinoma Science & Technology increased to 15.3% for the six months ended 30 June 2019 from 14.4% for the six months ended 30 June 2018.

FINANCIAL REVIEW (CONTINUED)

New materials segment (continued)

China Composites

Revenue

Revenue of China Composites increased by 68.8% to RMB1,433.0 million for the six months ended 30 June 2019 from RMB849.0 million for the six months ended 30 June 2018, mainly attributable to the increase in the sales volume of rotor blade, but was partially offset by the decrease in selling price of rotor blade.

Cost of sales

The cost of sales of China Composites increased by 79.6% to RMB1,158.5 million for the six months ended 30 June 2019 from RMB645.1 million for the six months ended 30 June 2018, mainly attributable to the increase in the sales volume of rotor blade, partially offset by the decrease in the average unit cost of rotor blade.

Gross profit and gross profit margin

Gross profit of China Composites increased by 34.7% to RMB274.5 million for the six months ended 30 June 2019 from RMB203.9 million for the six months ended 30 June 2018. Gross profit margin of China Composites decreased to 19.2% for the six months ended 30 June 2019 from 24.0% for the six months ended 30 June 2018. The decrease in gross profit margin was mainly attributable to the decrease in the gross profit margin of fiber reinforced plastics products.

Operating profit

Operating profit of China Composites increased by 35.7% to RMB150.4 million for the six months ended 30 June 2019 from RMB110.9 million for the six months ended 30 June 2018. The operating profit margin of China Composites decreased to 10.5% for the six months ended 30 June 2019 from 13.1% for the six months ended 30 June 2018. The decrease in operating profit margin was mainly attributable to the decrease in the gross profit margin, but was partially offset by the decrease of impairment loss in receivables.

FINANCIAL REVIEW (CONTINUED)

New materials segment (continued)

Sinoma Advanced

Revenue

Revenue of Sinoma Advanced decreased by 17.4% to RMB520.9 million for the six months ended 30 June 2019 from RMB630.5 million for the six months ended 30 June 2018, mainly attributable to the decrease in average selling price and sales volume of solar-energy fused silica crucibles.

Cost of sales

The cost of sales of Sinoma Advanced decreased by 15.8% to RMB439.8 million for the six months ended 30 June 2019 from RMB522.5 million for the six months ended 30 June 2018, mainly due to the decrease in sales volume of solar-energy fused silica crucibles.

Gross profit and gross profit margin

Gross profit of Sinoma Advanced decreased by 24.9% to RMB81.1 million for the six months ended 30 June 2019 from RMB108.0 million for the six months ended 30 June 2018. Gross profit margin of Sinoma Advanced decreased to 15.6% for the six months ended 30 June 2019 from 17.1% for the six months ended 30 June 2018. The decrease in gross profit margin was mainly attributable to the decrease in the average selling price of solar-energy fused silica crucibles.

Operating profit

Operating profit of Sinoma Advanced decreased by 57.5% to RMB10.5 million for the six months ended 30 June 2019 from RMB24.8 million for the six months ended 30 June 2018. The operating profit margin of Sinoma Advanced decreased to 2.0% for the six months ended 30 June 2019 from 3.9% for the six months ended 30 June 2018. The decrease in operating profit margin was mainly attributable to the decrease in gross profit margin.

FINANCIAL REVIEW (CONTINUED)

Engineering services segment

Sinoma International

Revenue

Revenue of Sinoma International increased by 12.5% to RMB11,276.1 million for the six months ended 30 June 2019 from RMB10,022.9 million for the six months ended 30 June 2018, mainly attributable to the increase in completed construction services in the period.

Cost of sales

Cost of sales of Sinoma International increased by 14.6% to RMB9,476.5 million for the six months ended 30 June 2019 from RMB8,269.9 million for the six months ended 30 June 2018, mainly attributable to the increase in completed construction services in the period.

Gross profit and gross profit margin

Gross profit of Sinoma International increased by 2.7% to RMB1,799.6 million for the six months ended 30 June 2019 from RMB1,753.1 million for the six months ended 30 June 2018. Gross profit margin of Sinoma International decreased to 16.0% for the six months ended 30 June 2019 from 17.5 % for the six months ended 30 June 2018, mainly attributable to the decrease in gross profit margin of EPC projects in the product portfolio of Sinoma International.

Operating profit

Operating profit of Sinoma International increased by 5.4% to RMB789.1 million for the six months ended 30 June 2019 from RMB749.0 million for the six months ended 30 June 2018. Operating profit margin of Sinoma International decreased to 7.0% for the six months ended 30 June 2019 from 7.5% for the six months ended 30 June 2018, mainly attributable to the decrease in gross profit margin, but was partially offset by increase of foreign exchange gains.

FINANCIAL REVIEW (CONTINUED)

Engineering services segment (continued)

China Triumph

Revenue

Revenue of China Triumph increased by 9.2% to RMB4,488.8 million for the six months ended 30 June 2019 from RMB4,110.6 million for the six months ended 30 June 2018, mainly attributable to the increase in completed construction services in the period.

Cost of sales

Cost of sales of China Triumph increased by 4.4% to RMB3,269.9 million for the six months ended 30 June 2019 from RMB3,132.6 million for the six months ended 30 June 2018, mainly attributable to the increase in completed construction services in the period.

Gross profit and gross profit margin

Gross profit of China Triumph increased by 24.6% to RMB1,218.9 million for the six months ended 30 June 2019 from RMB977.9 million for the six months ended 30 June 2018. Gross profit margin of China Triumph increased to 27.2% for the six months ended 30 June 2019 from 23.8% for the six months ended 30 June 2018, mainly attributable to the increase in gross profit margin of EPC projects in the product portfolio of China Triumph.

Operating profit

Operating profit of China Triumph increased by 14.4% to RMB596.8 million for the six months ended 30 June 2019 from RMB521.7 million for the six months ended 30 June 2018. Operating profit margin of China Triumph increased to 13.3% for the six months ended 30 June 2019 from 12.7% for the six months ended 30 June 2018, mainly attributable to the increase in gross profit margin, partially offset by increase in R&D expenses.

FINANCIAL REVIEW (CONTINUED)

Engineering services segment (continued)

Sinoma Mining

Revenue

Revenue of Sinoma Mining increased by 37.2% to RMB1,770.1 million for the six months ended 30 June 2019 from RMB1,289.8 million for the six months ended 30 June 2018, mainly attributable to the increase in completed construction services in the period and the increase in the price and the sales volume of aggregate concrete.

Cost of sales

Cost of sales of Sinoma Mining increased by 26.5% to RMB1,399.8 million for the six months ended 30 June 2019 from RMB1,106.5 million for the six months ended 30 June 2018, mainly attributable to the increase in completed construction services and sales volume of aggregate concrete in the period.

Gross profit and gross profit margin

Gross profit of Sinoma Mining increased by 102.0% to RMB370.2 million for the six months ended 30 June 2019 from RMB183.3 million for the six months ended 30 June 2018. Gross profit margin of Sinoma Mining increased to 20.9% for the six months ended 30 June 2019 from 14.2% for the six months ended 30 June 2018, mainly attributable to the increase in gross profit margin of EPC projects in the product portfolio of Sinoma Mining and the increase in the price of aggregate concrete.

Operating profit

Operating profit of Sinoma Mining increased by 152.9% to RMB247.6 million for the six months ended 30 June 2019 from RMB97.9 million for the six months ended 30 June 2018. Operating profit margin of Sinoma Mining increased to 14.0% for the six months ended 30 June 2019 from 7.6% for the six months ended 30 June 2018. The increase in operating profit was mainly attributable to the increase in gross profit margin.

FINANCIAL REVIEW (CONTINUED)

Liquidity and financial resources

As at 30 June 2019, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB240,904.2 million in total.

The table below sets out our borrowings as at the dates shown below:

	As at 30 June 2019	As at 31 December 2018
	(RMB in millions)	
Bank loans	**114,176.8**	109,534.0
Bonds	**82,345.5**	88,443.9
Borrowings from non-financial institutions	**1,143.1**	1,074.9
Total	**197,665.4**	199,052.8

The table below sets out maturities of the Group's borrowings as at the dates indicated:

	As at 30 June 2019	As at 31 December 2018
	(RMB in millions)	
Borrowings are repayable as follows:		
Within one year or on demand	**115,315.7**	124,361.3
Between one and two years	**22,792.8**	21,851.4
Between two and three years	**36,512.2**	25,285.5
Between three and five years	**16,639.8**	22,456.1
Over five years	**6,404.9**	5,098.5
Total	**197,665.4**	199,052.8

As at 30 June 2019, bank loans in the amount of RMB4,009.0 million were secured by assets of the Group with a total amount of RMB14,192.3 million.

As at 30 June 2019 and 31 December 2018, the debt to assets ratio of the Group, calculated by dividing total borrowings by total assets of the Group, were 43.7% and 45.6%, respectively.

FINANCIAL REVIEW (CONTINUED)

Exchange risks

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

Contingent liabilities

No contingent liabilities were incurred resulting from the Group's provision of guarantee to banks in respect of bank credits used by an independent third party.

Capital commitments

The following table sets out the Group's capital commitments as of the dates indicated:

	As at 30 June 2019	As at 31 December 2018
	(RMB in millions)	
Capital expenditure of the Group in respect of acquisition of property, plant and equipment (contracted but not provided for)	**0.5**	0.5

Future plans for material investments or capital assets

Save as disclosed above, the Group did not approve any plans on other future material investments or newly-added capital assets as of the date of this report.

FINANCIAL REVIEW (CONTINUED)

Capital expenditures

The following table sets the our capital expenditures of the Group for the six months ended 30 June 2019 by segment:

	For the six months ended 30 June 2019	
	(RMB in millions)	*% of total*
Cement	**7,544.9**	**68.4**
Commercial concrete	**394.4**	**3.5**
New materials	**2,336.9**	**21.2**
Engineering services	**458.3**	**4.2**
Others	**294.5**	**2.7**
Total	**11,029.0**	**100.0**

Cash Flow from Operating Activities

For the six months ended 30 June 2019, the net cash inflow generated from operating activities of the Group was RMB18,273.7 million. Such net cash inflow was primarily due to RMB25,672.7 million of cash flow from operating activities before the change in working capital, trade and other payables increased by 9,834.4 million, while trade and other receivables increased by RMB9,435.4 million, which was partially offset by a RMB3,163.5 million increase in inventory.

Cash Flow from Investing Activities

For the six months ended 30 June 2019, the net cash outflow to investing activities of the Group was RMB10,659.3 million, which was primarily due to the purchase of property, plant and equipment amounting to RMB9,561.2 million in total.

Cash Flow from Financing Activities

For the six months ended 30 June 2019, the net cash outflow to financing activities of the Group was RMB9,293.2 million, which was primarily due to the payment of interests amounting to RMB5,051.7 million and repayment of lease liabilities amounting to RMB3,897.3 million.

FINAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

At the annual general meeting of the Company held on 24 May 2019, the Company declared a final dividend of RMB1,518,258,719.16 in total (pre-tax) for the period from 1 January 2018 to 31 December 2018 for the Shareholders whose names appeared on the register of members of the Company on 4 June 2019, representing RMB0.180 per share (pre-tax).

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2019.

MATERIAL TRANSACTIONS

During the Reporting Period, the Company has not entered into any material transactions.

CONNECTED TRANSACTIONS

Continuing Connected Transactions

Particulars of connected transactions are set out in Note 30 to the interim financial statements. The Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules. For details of the continuing connected transactions between the Group and each of (a) the Parent Group (excluding the Group) and (b) Jingang Group, respectively, and the relevant exemptions, please refer to the Company's announcement on continuing connected transactions dated 18 January 2017, the 2017 interim report and the 2017 annual report, the announcement dated 23 March 2018, the circular dated 25 April 2018, the 2018 interim report and the 2018 annual report.

Transactions with Parent Group

For the six months ended 30 June 2019, the Group's expenses from the Parent Group amounted to approximately RMB21 million, representing approximately 0.03 % of total cost of sales of the Group for the same period. The Group's income from its provision of products and services to the Parent Group amounted to approximately RMB336 million, representing approximately 0.30% of the total income of the Group for the same period. The Group's expenses incurred from its provision of products and services from the Parent Group amounted to approximately RMB232 million, representing approximately 0.29% of total cost of sales of the Group for the same period. The Group's expenses incurred from its provision of equipment from the Parent Group amounted to approximately RMB51 million, representing approximately 0.06% of total cost of sales of the Group for the same period. The Group's income from its provision of construction services to the Parent Group amounted to approximately RMB159 million, representing approximately 0.14 % of the total income of the Group for the same period. The Company's maximum daily deposit balance deposited in CNBM Finance Co., Ltd. amounted to approximately RMB4,197 million. The Group's expenses in respect of other financial services provided by CNBM Finance Co., Ltd. amounted to RMB24,000.

Master Agreement on Sales of Products between North Cement and Jingang Group

During the six months ended 30 June 2019, the Group did not conduct any continuing connected transactions under the Jingang Master Agreement.

CONNECTED TRANSACTIONS (CONTINUED)

Partially Exempted Connected Transactions

For the six months ended 30 June 2019 and up to the date of this report, the following transactions constitute connected transactions and were exempt from independent Shareholders' approval requirements and were only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Acquisition of Beijing FRP Institute by Sinoma Science & Technology

On 31 July 2019, Sinoma Science & Technology Co., Ltd., a direct non-wholly owned subsidiary of the Company entered into an agreement with China National Building Material Asset Management Corporation (a wholly-owned subsidiary of the Parent), pursuant to which Sinoma Science & Technology has agreed to purchase, and CNBM Assets Management has agreed to sell, the 100% equity interest in Beijing FRP Institute, a wholly-owned subsidiary of CNBM Assets Management. Upon completion of the Acquisition, Beijing FRP Institute will become a wholly-owned subsidiary of Sinoma Science & Technology, and in turn become an indirect subsidiary of the Company.

Details of the acquisition of Beijing FRP Institute have been disclosed in the announcement of the Company published on 31 July 2019. As at the date of this report, the transaction has not been completed.

CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2019, the Company complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules; and with respect to Code Provision A.4.2, every director should be subject to retirement by rotation at least once every three years, and the current session of the Board elected on 27 May 2016 are subject to retirement by rotation by 27 May 2019. Mr. Song Zhiping and Mr. Guo Chaomin, being former Directors, have retired. Mr. Chang Zhangli has been redesignated from an executive Director to a non-executive Director. At the 2017 annual general meeting of the Company held on 13 June 2018, Mr. Peng Jianxin was elected by Shareholders as an executive Director of the Company, and Ms. Xu Weibing, Mr. Shen Yungang and Ms. Fan Xiaoyan were elected as non-executive Directors of the Company. Mr. Peng Jianxin, a Director of the Company, has submitted the resignation letter to the Company on 30 July 2019 tendering his resignation from his position as the vice chairman and an executive Director, as he reached the legal age for retirement. The resignation of Mr. Peng from his position as a Director will not cause the number of members of the Board to fall below the quorum as required by the Company Law nor have an impact on the validity of the resolutions of the Board. The Company will speed up the election procedures for Directors.

SPECIAL COMMITTEES UNDER THE BOARD

The Strategic Steering Committee

The Company has established a strategic steering committee which comprises three Directors, including two executive Directors and one independent non-executive Director. The strategic steering committee is responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organisational development proposals, major investing and financing plans and other material matters that will affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investing plans based on the authorisation of the Board; and making recommendations to the Board. During the Reporting Period, the strategic steering committee has reviewed the operation of the Company in 2018 and proposals relating to the working arrangement in 2019.

Nomination Committee

The Company has established a nomination committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the nomination committee are in compliance with the provisions of the Code. The nomination committee is responsible for, among other things, directed by the board diversity policy, the annual review of the structure, size and composition of the Board (in terms of techniques, knowledge and experience), providing recommendations to the Board in respect of any adjustments to be made in accordance with the Company's strategies and examining the selection criteria and procedures for the appointment of Directors and senior management, and reviewing the qualifications and conditions of Directors and senior management. During the Reporting Period, the nomination committee has reviewed the structure, size and composition of the Board and the special committees, diversity of the Board as well as the independence of the independent non-executive Directors.

Remuneration and Performance Appraisal Committee

The Company has established a remuneration and performance appraisal committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the remuneration and performance appraisal committee are in compliance with the provisions of the Code. The remuneration and performance appraisal committee is responsible for recommending the specific remuneration and reviewing the performance of the Directors and senior management, based on the remuneration and performance appraisal management policies and framework pertaining to Directors and senior management which have been formulated by the Board. During the Reporting Period, the remuneration and performance appraisal committee has reviewed the total remuneration of the senior management members of the Company for 2018.

SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

Audit Committee

The Company has established an audit committee which comprises three Directors, including three independent non-executive Directors, one of whom possesses the appropriate professional qualification and accounting and related financial management experience. The terms of reference adopted by the audit committee are in compliance with the provisions of the Code. The principal duties of the audit committee include reviewing the Company's external auditors and their work, the Company's financial reporting procedures, internal control and risk management, and formulating and reviewing the corporate governance policy and its practice and disclosure. During the Reporting Period, the audit committee has reviewed the 2018 conclusion of internal audit work of the Company, the 2019 working plan, the appointment of auditors for the year 2019, determination of audit expenses for the year 2018, the 2018 annual report and the 2019 interim report of the Company.

INTERNAL CONTROL

In order to properly master its strategic direction, refine its daily management and tighten the control over risk exposures, the Company has devoted continuous effort to build up structural risk management system and further refined and regulated the internal control. In the ordinary course of business management, each department performs internal control function by setting up review procedures at the forefront, so as to identify, validate, manage and report risks with compliance support provided by specialised departments (e.g. the legal department, etc.), thereby achieving a comprehensive risk control process; while in the course of making major strategic decisions, the Board strives to achieve effective risk assessment, realizing a balance between risks and returns through the improvement of a series of internal management systems and determination of strategic plan in compliance with laws and regulations, and includes the implementation of specific decisions within the scope of its long-term supervision and feedback, so as to enhance the quality and efficiency of such decisions in the long term. The audit committee under the Board will assess and review the internal control system of the Company on a regular basis to ensure the sustainable, healthy and rapid development of the Company.

In accordance with code provision C.2.1 under the Code, the Directors have also reviewed the effectiveness of the internal control system of the Company and its subsidiaries, which covered financial control, operation control, compliance control and risk management function control.

MODEL CODE

The Company has adopted a set of code of practice on terms no less exacting than the standards required in the Model Code. Having made specific enquiries with all Directors, the Company confirmed that all the Directors had complied with the required standards regarding securities transactions by Directors set out in the Model Code and Code for Securities Transactions of China National Building Material Company Limited during the Reporting Period.

SHARE CAPITAL STRUCTURE

	As at 30 June 2019	
	Number of shares	**Percentage of issued shares** *(%)*
Unlisted Shares		
Domestic Shares	**4,454,898,633**	**52.81**
Unlisted Foreign Shares	**111,174,235**	**1.32**
H Shares	**3,868,697,794**	**45.87**
Total share capital	**8,434,770,662**	**100**

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

For the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company ("securities" shall have the meaning as defined in the Listing Rules).

MATERIAL LITIGATION AND ARBITRATION OF THE GROUP

For the six months ended 30 June 2019 and up to the date of this report, save for the gypsum board litigation in the United States (the "US") as disclosed below, the Group was not involved in any litigation and arbitration which might have a significant impact on the Group's production and operation, nor were any of the directors, supervisors or senior management of the Group involved in any material litigation.

MATERIAL LITIGATION AND ARBITRATION OF THE GROUP (CONTINUED)

The Gypsum Board Litigation in the United States

References are made to the overseas regulatory announcement of the Company dated 30 May 2010 in respect of an announcement released by BNBM, relating to the gypsum board incident in the US and the information on subsequent development of the gypsum board litigation in the US set out in the announcements dated 18 July 2014, 20 August 2014, 13 February 2015, and 13 March 2015, the 2014 annual report, the 2015 interim report, the 2015 third–quarterly report and the 2015 annual report, the 2016 interim report, the 2016 annual report, the announcement dated 22 June 2017, the 2017 interim report, the announcement dated 22 March 2018, the 2017 annual report, the announcement dated 22 August 2018, the 2018 interim report, the announcement dated 19 March 2019, the 2018 annual report and the announcement dated 30 July 2019 of the Company.

Having considered integrated factors including costs of litigation and potential impact on other gypsum board litigations to which BNBM, Taishan Gypsum and/or Taian Taishan Plasterboard Co., Ltd.* (泰安市紙面石膏板有限公司) (a wholly-owned subsidiary of Taishan Gypsum, together with Taishan Gypsum, "Taishan") are parties, in March 2019, Taishan reached settlement with no more than 498 plaintiffs (the "Plaintiffs") from the cases remanded to the Southern District Court of Florida for trial in the Amorin Case (as defined in the announcement of the Company dated 13 February 2015) and has entered into a settlement and liability exemption agreement (the "Amorin Settlement Agreement") with the Plaintiffs. The maximum aggregate settlement amount payable by Taishan under the Amorin Settlement Agreement (and its amendment agreement) is US$27,857,893.97 (subject to upward adjustment in the event of, in summary, Taishan entering into any further settlement agreement "on or before 11:59 pm EDT on 31 March 2021 with any other plaintiffs in the Amorin Case within the State of Florida who are not party or subject to the Amorin Settlement Agreement in respect of cases bearing similar characteristics (in relation to product markings) as the cases relating to the Plaintiffs" on terms significantly more favourable to the plaintiffs than the Amorin Settlement Agreement (the "Possible Adjustment")). According to the terms of the Amorin Settlement Agreement, each Plaintiff shall irrevocably and unconditionally discharge and release any and all claims against Taishan and certain of its related parties upon receiving the settlement amount in full.

Taishan intended to enter in to a collective settlement agreement (the "Settlement Agreement") with the lawyer on behalf of the settlement class. Pursuant to the Settlement Agreement, the settlement class agrees to waive and exempt completely, ultimately and permanently any and all exempted claims against Taishan and other exempted parties from the effective date of the Settlement Agreement, and undertakes not to press charges for any and all exempted claims against Taishan and other exempted parties (the "Settlement"). "Exempted claims" refers to the claims and other losses in relation to the involved Chinese gypsum boards raised by the class members against Taishan and other exempted parties. "Other exempted parties" include, but are not limited to, the Company and BNBM. Taishan intended to agree to pay a total of US$248 million (including attorney fee for the plaintiff's litigator and the postage, but excluding the fee for publishing the class action notice by unknown class members) as stipulated in the Settlement Agreement as the consideration for the Settlement.

MATERIAL LITIGATION AND ARBITRATION OF THE GROUP (CONTINUED)

The Gypsum Board Litigation in the United States (Continued)

Since the involvement in the gypsum board litigation in the United States, the Company, BNBM and Taishan have invested a great deal of manpower and material resources. The Settlement will free them from the above class action, resolve material litigation risks, and help to significantly reduce litigation costs, save manpower and material resources as well as time and energy, which allow the Company, BNBM and Taishan to focus on their production and operating activities. The Company does not believe that the payment of the settlement amount will have any material adverse impact on the normal operation of the Company, BNBM and Taishan.

As the Settlement triggered the Possible Adjustment term in the Amorin Settlement Agreement executed by Taishan in March 2019 involving the settled plaintiff of the Amorin Case, Taishan is required to pay the settled plaintiff of the Amorin Case a sum of difference as stipulated in the Amorin Settlement Agreement, the amount of which was further reduced, due to the amendment agreements reaching not more than US$12,866,528.89. The payment of the first installment shall be no later than 21 October 2019.

Pursuant to the Settlement Agreement and the amended agreements of the Amorin Settlement Agreement, the settlement amount to be paid by Taishan will be reflected as a single amount of estimated liabilities in the financial statements of Taishan Gypsum for the six months ended 30 June 2019 in a one-off manner in accordance with relevant provisions of the applicable accounting standards, although it shall be paid in installments. Such payment is expected to exert adverse impact on net profits of Taishan Gypsum and BNBM for the six-month financial period in the consolidated financial statements of BNBM in the amount of approximately RMB1,794.3694 million.

The case of *The Mitchell Co., Inc. v. Knauf Gips KG* and any litigation against a class member who may choose to exercise his right of withdrawal under the Settlement Agreement in the futures will proceed. The Company will continue to follow up on the progress of the gypsum board litigation in the United States, and make further announcements when necessary or in due course.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2019, the Group had approximately 158,100 employees.

The remuneration package of the Company's employees includes salaries, bonuses and allowances. In accordance with relevant national and local labor and social welfare laws and regulations, each member of the Company is required to pay on behalf of employees, a monthly social insurance premium covering pension insurance, injury insurance, medical insurance, unemployment insurance and housing reserve fund. The Company's remuneration policy for its staff is based on duties and responsibilities, while bonus is performance-based and linked to the overall economic performance of the Company.

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Changes in information of Directors, Supervisors and chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Chang Zhangli, a non-executive Director of the Company, ceased to act as the chairman of CBM Holdings since 22 March 2019, and ceased to be a director of BNBM since 30 April 2019.

EQUITY INCENTIVE PLAN

On 6 December 2017, Sinoma at its extraordinary general meeting reviewed and approved a share option incentive plan (the "Equity Incentive Plan") of Sinoma International (whose A shares are listed and traded on the Shanghai Stock Exchange (stock code: 600970)).

On 7 December 2017, the share options ("Sinoma International Share Option") for a total of 17.4245 million ordinary A shares of Sinoma International ("Sinoma International Share"), representing approximately 1% of the total issued share capital of Sinoma International as at the date of this report, were granted by Sinoma International to 489 grantees under the Equity Incentive Plan. The participants who were granted the Sinoma International Share Options were Sinoma International's (i) directors and senior management (10 persons, who were granted a total of 2.62 million Sinoma International Share Options); and (ii) key technical and managerial personnel (489 persons, who were granted a total of 14.8045 million Sinoma International Share Options).

The exercise price of the Sinoma International Share Options is RMB9.27, which is the highest of the following: 1. the average trading price of Sinoma International Shares on the last trading day before the pricing benchmark date (i.e. the date of the announcement of the Equity Incentive Plan); 2. the closing price of Sinoma International Shares on the last trading day before the pricing benchmark date; 3. the average trading price of Sinoma International Shares for the last 20 trading days before the pricing benchmark date; 4. the average closing price of Sinoma International Shares for the last 30 trading days before the pricing benchmark date; 5. the nominal value of RMB1.00 of the Sinoma International Share. The vesting period under the Equity Incentive Plan is 24 months.

EQUITY INCENTIVE PLAN (CONTINUED)

The exercise periods of the Sinoma International Share Options, which were all granted on 7 December 2017, and the timing arrangement for each period are as follows:

Exercise arrangement	Timing arrangement	Exercise Proportion
1st exercise period	commencing from the first trading day after expiry of the 24-month period from the date of grant and ending on the last trading day of the 36-month period from the date of grant	1/3
2nd exercise period	commencing from the first trading day after expiry of the 36-month period from the date of grant and ending on the last trading day of the 48-month period from the date of grant	1/3
3rd exercise period	commencing from the first trading day after expiry of the 48-month period from the date of grant and ending on the last trading day of the 60-month period from the date of grant	1/3

The number of outstanding Sinoma International Share Options as at 1 January 2019 was 17.4245 million, which remained unchanged as at 30 June 2019.

No Sinoma International Share Option was granted, exercised, cancelled or lapsed during the Reporting Period. As the validity period of the Equity Incentive Plan is no more than 60 months, commencing from the date of grant of the Sinoma International Share Options, the Equity Incentive Plan will remain valid until 6 December 2022.

DISCLOSURE OF INTERESTS

I. Substantial shareholders and persons who had an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as was known to the Directors or the Supervisors, as at 30 June 2019, the Shareholders (other than the Directors, the chief executive or the Supervisors) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified the Company were as follows:

Substantial Shareholders	Class of Shares	Long/short position/ Lending Pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital (%) [1]	Percentage of total share capital (%) [1]
Parent	Domestic Shares	Long	Beneficial owner	504,991,734			
	Domestic Shares	Long	Interest of controlled corporations	2,984,713,973			
				3,489,705,707	2,3	78.33	41.37
	H Shares	Long	Beneficial owner	8,536,000			
	H Shares	Long	Interest of controlled corporations	6,800,000			
				15,336,000		0.40	0.18
BNBMG	Domestic Shares	Long	Beneficial owner	1,485,566,956	2	33.35	17.61
Sinoma Parent	Domestic Shares	Long	Beneficial owner	1,270,254,437	2	28.51	15.06
	H Shares	Long	Interest of controlled corporations	6,800,000		0.18	0.08
Cinda	Domestic Shares	Long	Beneficial owner	410,252,200	3	9.21	4.86
Taishan Finance	Domestic Shares	Long	Interest of controlled corporations	263,318,181	4	5.91	3.12
Taishan Investment	Domestic Shares	Long	Beneficial owner	263,318,181	4	5.91	3.12
CNBM Trading	Domestic Shares	Long	Beneficial owner	227,719,530	2	5.11	2.70

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Substantial Shareholders	Class of Shares	Long/short position/ Lending Pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital (%) [1]	Percentage of total share capital (%) [1]
BlackRock, Inc.	H Shares	Long	Interest of controlled corporations	271,282,084	5	7.01	3.21
		Short	Interest of controlled corporations	534,000	5	0.01	0.01
Citigroup Inc.	H Shares	Long	Interest of controlled corporations	16,734,641			
	H Shares	Long	Approved lending agent	214,780,952			
				231,515,593	6	5.98	2.74
	H Shares	Short	Interest of controlled corporations	1,434,646	6	0.03	0.01
	H Shares	Lending Pool	–	214,780,952	6	5.55	2.54
Forchn International	Unlisted Foreign Shares	Long	Beneficial owner	111,174,235		100	1.32

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes:

1. As at 30 June 2019, the Company's total issued share capital comprises 8,434,770,662 shares, including 4,454,898,633 Domestic Shares, 3,868,697,794 H Shares and 111,174,235 Unlisted Foreign Shares.

2. Of these 3,489,705,707 shares, 504,991,734 shares are directly held by the Parent, the remaining 2,984,713,973 shares are deemed corporate interest indirectly held through BNBMG, Sinoma Parent, CNBM Trading and Building Materials Academy. Sinoma Parent, CNBM Trading and Building Materials Academy are wholly-owned subsidiaries of the Parent. BNBMG is a subsidiary of the Parent which directly and indirectly holds 100% of its equity interests, of which 70.04% is directly held and 29.96% is indirectly held through CNBM Trading. Under the SFO, the Parent is deemed to own the shares directly held by BNBMG (1,485,566,956 shares), Sinoma Parent (1,270,254,437 shares), CNBM Trading (227,719,530 shares) and Building Materials Academy (1,173,050 shares).

3. Pursuant to a share transfer agreement dated 31 December 2009 entered into between the Parent and Cinda, Cinda agreed to transfer 49,000,000 Domestic Shares of the Company to the Parent ("First Transfer of Shares"). Pursuant to another share transfer agreement dated 15 December 2010 entered into between the Parent and Cinda, Cinda agreed to transfer 12,800,137 Domestic Shares of the Company to the Parent ("Second Transfer of Shares"). As the proposal in relation to bonus issue of shares on the basis of ten bonus shares for every ten shares held by shareholders of the Company was passed at the 2010 annual general meeting of the Company, the Parent and Cinda entered into a supplemental agreement to the aforesaid two share transfer agreements on 31 August 2012, whereby Cinda agreed to adjust the 61,800,137 Domestic Shares of the Company transferred to the Parent to 123,600,274 Domestic Shares. Consequently, under the SFO, the Parent was deemed to own 3,613,305,981 Domestic Shares (representing 81.11% in the domestic share capital and 42.84% in the total share capital) and Cinda was deemed to own 286,651,926 Domestic Shares (representing 6.43% in the domestic share capital and 3.40% in the total share capital). As at the date of this report, the formalities in respect of the share transfer registration of the aforementioned transactions of shares with the China Securities Depository and Clearing Corporation Limited had not yet been completed.

4. Taishan Investment is a wholly-owned subsidiary of Taishan Finance. Under the SFO, Taishan Finance is deemed to own 263,318,181 shares directly held by Taishan Investment.

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes: (Continued)

5. BlackRock, Inc. was deemed to hold interests in a total of 271,282,084 H Shares (long position) and 534,000 H Shares (short position) in the Company by virtue of its control over the following corporations, which held direct interests in the Company:

5.1 BlackRock Investment Management, LLC held 1,078,536 H Shares (long position) in the Company. BlackRock Investment Management, LLC was an indirect wholly-owned subsidiary of BlackRock, Inc..

5.2 BlackRock Financial Management, Inc. held 3,138,000 H Shares (long position) in the Company. BlackRock Financial Management, Inc. was an indirect wholly-owned subsidiary of BlackRock, Inc..

5.3 BlackRock Institutional Trust Company, National Association held 50,630,479 H Shares (long position) and 534,000 H Shares (short position) in the Company. BlackRock Institutional Trust Company, National Association was an indirect wholly-owned subsidiary of BlackRock Holdco 6, LLC, which in turn was indirectly held as to 90% by BlackRock, Inc..

5.4 BlackRock Fund Advisors held 76,312,850 H Shares (long position) in the Company. BlackRock Fund Advisors was an indirect wholly-owned subsidiary of BlackRock Holdco 6, LLC, which in turn was indirectly held as to 90% by BlackRock, Inc..

5.5 BlackRock Japan Co., Ltd. held 8,910,704 H Shares (long position) in the Company. BlackRock Japan Co., Ltd. was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.6 BlackRock Asset Management Canada Limited held 1,202,000 H Shares (long position) in the Company. BlackRock Asset Management Canada Limited was an indirect wholly-owned subsidiary of BlackRock Canada Holdings LP, which in turn was indirectly owned as to 99.9% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.7 BlackRock Investment Management (Australia) Limited held 819,750 H Shares (long position) in the Company. BlackRock Investment Management (Australia) Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.8 BlackRock Asset Management North Asia Limited held 2,020,190 H Shares (long position) in the Company. BlackRock Asset Management North Asia Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes: (Continued)

5.9 BlackRock (Netherlands) B.V. held 586,000 H Shares (long position) in the Company. BlackRock (Netherlands) B.V. was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.10 BlackRock Advisors (UK) Limited held 216,000 H Shares (long position) in the Company. BlackRock Advisors (UK) Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.11 BlackRock International Limited held 716,000 H Shares (long position) in the Company. BlackRock International Limited was a direct wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.12 BlackRock Asset Management Ireland Limited held 24,305,727 H Shares (long position) in the Company. BlackRock Asset Management Ireland Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.13 BLACKROCK (Luxembourg) S.A. held 27,916,350 H Shares (long position) in the Company. BLACKROCK (Luxembourg) S.A. was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.14 BlackRock Investment Management (UK) Limited held 25,178,745 H Shares (long position) in the Company. BlackRock Investment Management (UK) Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.15 BlackRock Fund Managers Limited held 11,252,408 H Shares (long position) in the Company. BlackRock Fund Managers Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes: (Continued)

5.16 BlackRock Life Limited held 36,936,345 H Shares (long position) in the Company. BlackRock Life Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.17 BlackRock (Singapore) Limited held 30,000 H Shares (long position) in the Company. BlackRock (Singapore) Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

5.18 BlackRock Asset Management (Schweiz) AG held 32,000 H Shares (long position) in the Company. BlackRock Asset Management (Schweiz) AG was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

The 534,000 H Shares (short position) of BlackRock, Inc. in the Company were held through derivatives as follows:

534,000 H Shares (short position)	–	through cash settled unlisted derivatives

6. Citigroup Inc. was deemed to hold interests in a total of 231,515,593 H Shares (long position) and 1,434,646 H Shares (short position) in the Company by virtue of its control over the following corporations, which held direct interests in the Company:

6.1 Citibank, N.A. held 215,389,152 H Shares (long position) and 608,200 H Shares (short position) in the Company. Citibank, N.A. was an indirect wholly-owned subsidiary of Citigroup Inc..

6.2 Citigroup Global Markets Hong Kong Limited held 1,767,395 H Shares (long position) and 395,246 H Shares (short position) in the Company. Citigroup Global Markets Hong Kong Limited was an indirect wholly-owned subsidiary of Citigroup Inc..

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes: (Continued)

6.3 Citigroup Global Markets Limited held 14,359,046 H Shares (long position) and 431,200 H Shares (short position) in the Company. Citigroup Global Markets Limited was a direct wholly-owned subsidiary of Citigroup Global Markets Holdings Bahamas Limited, which in turn was directly held as to 90% by Citigroup Financial Products Inc., which in turn was indirectly wholly-owned by Citigroup, Inc..

The entire interest and short position of Citigroup Inc. in the Company included a lending pool of 214,780,952 H Shares. Besides, 2,207,595 H Shares (long position) and 1,434,646 H Shares (short position) of Citigroup Inc. in the Company were held through derivatives as follows:

800,000 H Shares (long position)	–	through physically settled listed derivatives
1,243,595 H Shares (long position) and 1,003,446 H Shares (short position)	–	through physically settled unlisted derivatives
164,000 H Shares (long position) and 431,200 H Shares (short position)	–	through cash settled unlisted derivatives

Save as disclosed above, as at 30 June 2019, the Company has not been notified by any persons who have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

II. Interests and Short Positions of Directors, Chief Executive and Supervisors

As at 30 June 2019, as far as the Company is aware, none of the Directors, the chief executive nor the Supervisors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors, the chief executive or the Supervisors to the Company and the Stock Exchange pursuant to the Model Code nor have they been granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

bakertilly
天職國際

TO THE BOARD OF DIRECTORS OF
CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED
(a joint stock company incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information of China National Building Material Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 82 to 168, which comprises the condensed consolidated statement of financial position as at 30 June 2019 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes (the "condensed consolidated interim financial information"). The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting", issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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

SCOPE OF REVIEW

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

CONCLUSION

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

Baker Tilly Hong Kong Limited
Certified Public Accountants

Gao Yajun
Practising certificate number P06391

Hong Kong, 23 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	Six months ended 30 June	
		2019	2018
		RMB'000	*RMB'000*
			(restated)
		(unaudited)	(unaudited)
Revenue	5	**112,163,609**	95,242,045
Cost of sales		**(78,804,350)**	(66,723,419)
Gross profit		**33,359,259**	28,518,626
Investment and other income, net	6	**2,098,402**	20,366
Selling and distribution costs		**(5,708,025)**	(5,260,671)
Administrative expenses		**(13,456,514)**	(9,493,859)
Finance costs, net	7	**(4,667,181)**	(5,456,401)
Share of profits of associates		**1,034,997**	886,068
Share of (losses)/profits of joint ventures		**(401)**	592
Profit before income tax	8	**12,660,537**	9,214,721
Income tax expense	9	**(3,846,058)**	(2,467,816)
Profit for the period		**8,814,479**	6,746,905
Profit attributable to:			
Owners of the Company		**5,767,470**	3,811,771
Holders of perpetual capital instruments		**591,168**	447,287
Non-controlling interests		**2,455,841**	2,487,847
Profit for the period		**8,814,479**	6,746,905
		RMB	***RMB***
Earnings per share – basic and diluted	11	**0.684**	0.452

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Profit for the period	**8,814,479**	6,746,905
Other comprehensive income/(expense), net of tax:		
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit obligations	**(1,700)**	(499)
Changes in the fair value of equity instruments at fair value through other comprehensive income, net	**325**	(6,647)
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**81,080**	(25,983)
Share of associates' other comprehensive (expense)/income	**(8,067)**	12,288
Share of joint ventures' other comprehensive expense	**(618)**	(480)
Other comprehensive income/(expense) for the period, net of tax	**71,020**	(21,321)
Total comprehensive income for the period	**8,885,499**	6,725,584
Total comprehensive income attributable to:		
Owners of the Company	**5,833,736**	3,802,506
Holders of perpetual capital instruments	**591,168**	447,287
Non-controlling interests	**2,460,595**	2,475,791
Total comprehensive income for the period	**8,885,499**	6,725,584

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	**30 June 2019** *RMB'000* **(unaudited)**	31 December 2018 *RMB'000* (restated) (unaudited)
Non-current assets			
Property, plant and equipment	12	**167,068,810**	175,501,016
Right-of-use assets	13	**31,880,209**	–
Prepaid lease payments		**–**	19,297,185
Investment properties		**933,146**	900,283
Goodwill	14	**42,693,760**	43,657,580
Intangible assets		**9,729,749**	9,439,504
Interests in associates	15	**14,484,088**	13,527,327
Interests in joint ventures		**112,885**	80,206
Financial assets at fair value through profit or loss	18	**1,817,479**	1,987,450
Financial assets at fair value through other comprehensive income		**8,262**	7,880
Deposits	16	**4,137,624**	3,356,749
Trade and other receivables	17	**6,612,700**	5,920,820
Deferred income tax assets		**6,092,963**	6,225,725
		285,571,675	279,901,725
Current assets			
Inventories		**22,882,978**	19,724,169
Trade and other receivables	17	**105,838,536**	97,544,121
Financial assets at fair value through profit or loss	18	**6,718,469**	7,194,035
Derivative financial instruments		**59**	225
Amounts due from related parties	30(b)	**4,759,573**	4,702,427
Pledged bank deposits	19	**6,765,981**	6,846,409
Cash and cash equivalents		**19,289,967**	20,911,728
		166,255,563	156,923,114
Assets classified as held-for-sale	20	**11,188**	11,188
		166,266,751	156,934,302

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2019

	Note	**30 June 2019** ***RMB'000*** **(unaudited)**	31 December 2018 *RMB'000* (restated) (unaudited)
Current liabilities			
Trade and other payables	21	**89,053,032**	79,042,004
Amounts due to related parties	30(b)	**3,886,913**	3,652,993
Borrowings – amount due within one year	22	**112,462,817**	121,519,807
Obligations under finance leases		**–**	4,964,618
Lease liabilities		**2,446,034**	–
Derivative financial instruments		**24,779**	11,088
Employee benefits payable	23	**2,430**	4,713
Current income tax liabilities		**3,415,698**	4,316,733
Financial guarantee contracts		**64,000**	64,000
Dividends payable to non-controlling interests		**551,896**	214,779
		211,907,599	213,790,735
Net current liabilities		**(45,640,848)**	(56,856,433)
Total assets less current liabilities		**239,930,827**	223,045,292
Non-current liabilities			
Borrowings – amount due after one year	22	**85,202,553**	77,532,956
Deferred income		**1,869,759**	1,942,139
Obligations under finance leases		**–**	4,357,146
Lease liabilities		**4,411,803**	–
Employee benefits payable	23	**265,477**	267,442
Deferred income tax liabilities		**2,307,058**	2,439,407
		94,056,650	86,539,090
Net assets		**145,874,177**	136,506,202
Capital and reserves			
Share capital	24	**8,434,771**	8,434,771
Reserves		**67,703,136**	63,850,034
Equity attributable to:			
Owners of the Company		**76,137,907**	72,284,805
Holders of perpetual capital instruments		**24,161,186**	22,219,087
Non-controlling interests		**45,575,084**	42,002,310
Total equity		**145,874,177**	136,506,202

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to owners of the Company												
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Fair value reserve *RMB'000*	Share option reserve *RMB'000*	Hedging reserve *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Holders of capital instruments *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2019													
As previously reported	8,434,771	1,788,736	12,290,070	4,969,999	(6,758)	5,331	(3,755)	(250,031)	44,982,575	72,210,938	22,219,087	41,995,004	136,425,029
– Adjustment for business combination under common control *(Note 27)*	–	–	32,485	–	–	–	–	–	41,382	73,867	–	7,306	81,173
Balance at 1 January 2019, as restated (unaudited)	8,434,771	1,788,736	12,322,555	4,969,999	(6,758)	5,331	(3,755)	(250,031)	45,023,957	72,284,805	22,219,087	42,002,310	136,506,202
Profit for the period	–	–	–	–	–	–	–	–	5,767,470	5,767,470	591,168	2,455,841	8,814,479
Other comprehensive (expense)/ income, net of tax													
Actuarial loss on defined benefit obligations	–	–	(402)	–	–	–	–	–	–	(402)	–	(1,298)	(1,700)
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	–	296	–	–	–	–	296	–	29	325
Currency translation differences	–	–	–	–	–	–	–	74,811	–	74,811	–	6,269	81,080
Share of associates' other comprehensive expense	–	–	2,940	–	–	–	–	(11,007)	–	(8,067)	–	–	(8,067)
Share of joint ventures' other comprehensive expense	–	–	(372)	–	–	–	–	–	–	(372)	–	(246)	(618)
Total comprehensive income/(expenses) for the period (unaudited)	–	–	2,166	–	296	–	–	63,804	5,767,470	5,833,736	591,168	2,460,595	8,885,499

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to owners of the Company												
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Fair value reserve *RMB'000*	Share option reserve *RMB'000*	Hedging reserve *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Holders of capital instruments *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Dividends *(Note 10)*	–	–	–	–	–	–	–	–	(1,518,259)	(1,518,259)	–	–	(1,518,259)
Dividends paid to the non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(2,716,265)	(2,716,265)
Increase in non-controlling interests as a result of acquisition of subsidiaries *(Note25(a))*	–	–	–	–	–	–	–	–	–	–	–	2,218	2,218
Disposal of subsidiaries *(Note 25(b))*	–	–	–	–	–	–	–	–	–	–	–	2,095	2,095
De-registration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	6,760	6,760
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries *(Note 26(a))*	–	–	(152,509)	–	–	–	–	–	–	(152,509)	–	(77,491)	(230,000)
Deemed partial disposal of interest in subsidiaries without losing control *(Note 26(b))*	–	–	(313,018)	–	–	–	–	–	–	(313,018)	–	3,713,018	3,400,000
Business combination under common control	–	–	(74,882)	–	–	–	–	–	–	(74,882)	–	(7,406)	(82,288)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	141,461	141,461
Issue of perpetual capital instruments, net of issuance cost	–	–	–	–	–	–	–	–	–	–	1,493,911	–	1,493,911
Interest paid on perpetual capital instruments	–	–	–	–	–	–	–	–	–	–	(142,980)	–	(142,980)
Share of reserve in associates	–	–	1,261	–	–	–	–	–	–	1,261	–	94	1,355
Appropriation to statutory reserve	–	–	–	232,649	–	–	–	–	(232,649)	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	2,481	–	–	–	2,481	–	3,717	6,198
Others	–	–	75,104	–	–	–	–	–	(812)	74,292	–	43,978	118,270
Balance at 30 June 2019 (unaudited)	8,434,771	1,788,736	11,860,677	5,202,648	(6,462)	7,812	(3,755)	(186,227)	49,039,707	76,137,907	24,161,186	45,575,084	145,874,177

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Fair value reserve *RMB'000*	Share option reserve *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Perpetual capital instruments *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2018												
As previously reported	5,399,026	4,824,481	10,875,670	3,536,007	–	410	(110,951)	39,198,012	63,722,655	16,716,270	43,857,198	124,296,123
– Adjustment for business combination under common control	–	–	32,485	–	–	–	–	37,205	69,690	–	6,892	76,582
Balance at 1 January 2018, as restated (unaudited)	5,399,026	4,824,481	10,908,155	3,536,007	–	410	(110,951)	39,235,217	63,792,345	16,716,270	43,864,090	124,372,705
Profit for the period	–	–	–	–	–	–	–	3,811,771	3,811,771	447,287	2,487,847	6,746,905
Other comprehensive (expenses)/ income, net of tax												
Actuarial loss on defined benefit obligations	–	–	(295)	–	–	–	–	–	(295)	–	(204)	(499)
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	–	(6,049)	–	–	–	(6,049)	–	(598)	(6,647)
Currency translation differences	–	–	–	–	–	–	(14,729)	–	(14,729)	–	(11,254)	(25,983)
Share of associates' other comprehensive income	–	–	12,288	–	–	–	–	–	12,288	–	–	12,288
Share of joint ventures' other comprehensive expenses	–	–	(480)	–	–	–	–	–	(480)	–	–	(480)
Total comprehensive income/(expenses) for the period (restated and unaudited)	–	–	11,513	–	(6,049)	–	(14,729)	3,811,771	3,802,506	447,287	2,475,791	6,725,584

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Fair value reserve *RMB'000*	Share option reserve *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Perpetual capital instruments *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Issue of shares *(Note 24)*	3,035,745	(3,035,745)	–	–	–	–	–	–	–	–	–	–
Dividends paid *(Note 10)*	–	–	–	–	–	–	–	(843,477)	(843,477)	–	–	(843,477)
Dividends paid to the non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	(1,425,343)	(1,425,343)
Disposal of subsidiaries *(Note 25(b))*	–	–	–	–	–	–	–	–	–	–	(67,599)	(67,599)
De-registration of a subsidiary	–	–	(1,893)	–	–	–	–	–	(1,893)	–	5,211	3,318
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries *(Note 26(a))*	–	–	781,532	–	–	–	–	–	781,532	–	(2,857,126)	(2,075,594)
Deemed acquisition of subsidiaries	–	–	(71,948)	–	–	–	–	–	(71,948)	–	71,948	–
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	46,629	46,629
Issue of perpetual capital instruments, net of issuance cost	–	–	–	–	–	–	–	–	–	2,281,646	–	2,281,646
Interest paid on perpetual capital instruments	–	–	–	–	–	–	–	–	–	(5,096)	–	(5,096)
Share of reserve in associates	–	–	7,378	–	–	–	–	–	7,378	–	–	7,378
Appropriation to statutory reserve	–	–	–	166,470	–	–	–	(166,470)	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	2,461	–	–	2,461	–	3,739	6,200
Others	–	–	89,165	–	–	–	–	(1,000)	88,165	–	3,611	91,776
Balance at 30 June 2018 (restated and unaudited)	8,434,771	1,788,736	11,723,902	3,702,477	(6,049)	2,871	(125,680)	42,036,041	67,557,069	19,440,107	42,120,951	129,118,127

The accompanying notes are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Net cash generated from operating activities	**18,273,674**	15,807,360
Investing activities		
Purchases of property, plant and equipment	**(9,561,249)**	(6,945,696)
Payments for right-of-use assets	**(430,758)**	–
Purchases of intangible assets	**(994,796)**	(440,091)
Net cash inflows from acquisition of subsidiaries	**896**	-
Payments for acquisition of interests in associates	**(442,590)**	(71,021)
Deposits paid	**(4,137,624)**	(2,316,907)
Net cash outflow from disposal of subsidiaries	**(3,631)**	(7,938)
Business combination under common control	**(82,288)**	–
Other investing cash flows, net	**4,992,781**	1,385,485
Net cash used in investing activities	**(10,659,259)**	(8,396,168)
Financing activities		
Interest paid	**(5,051,656)**	(5,823,075)
Dividends paid to shareholders	**(1,518,259)**	(843,477)
Dividends paid to the non-controlling interests of subsidiaries	**(2,379,148)**	(1,221,753)
Repayment of borrowings	**(96,058,419)**	(97,994,596)
New borrowings raised	**94,697,124**	106,109,157
Repayment of lease liabilities	**(3,897,250)**	–
Repayment of finance lease obligations	**–**	(3,687,321)
Payments for acquisition of additional interests in subsidiaries	**(230,000)**	(2,075,594)
Deemed partial disposal of interest in subsidiaries without losing control	**3,400,000**	–
Other financing cash flows, net	**1,744,394**	1,017,411
Net cash used in financing activities	**(9,293,214)**	(4,519,248)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Net (decrease)/increase in cash and cash equivalents	**(1,678,799)**	2,891,944
Cash and cash equivalents at 1 January	**20,911,728**	23,374,544
Effect of foreign exchange rate changes	**57,038**	(144,751)
Cash and cash equivalents at 30 June	**19,289,967**	26,121,737

The accompanying notes are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. GENERAL INFORMATION

China National Building Material Company Limited (the "Company" or "CNBM") was established as a joint stock company with limited liability in The People's Republic of China (the "PRC") on 28 March 2005. On 23 March 2006, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The address of registered office and principal place of business of the Company is located at Tower 2 (Building B), Guohai Plaza, 17 Fuxing Road, Haidian District, Beijing, the PRC.

The Company's immediate and ultimate holding company is China National Building Material Group Co., Ltd. (the "Parent"), a state-owned enterprise established on 3 January 1984 under the laws of the PRC.

The Company is an investment holding company. The subsidiaries are mainly engaged in the cement, concrete, lightweight building materials, glass fiber and composite materials, and engineering services businesses. Hereinafter, the Company and its subsidiaries are collectively referred to as the "Group".

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), which is the functional currency of the Company, unless otherwise stated.

The condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and in compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". This condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Other than the adoption of new and amendments to IFRSs, as mentioned in Note 2(b), the accounting policies used in this condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

(a) Business combination under common control

On 28 December 2018, China Triumph Bengbu Engineering and Technology Company Limited ("Bengbu Triumph") (an indirect subsidiary of the Company) entered into an equity transfer agreement to acquire 100% equity interests of Bengbu Chemical Machinery Manufacturing Co., Ltd. ("Bengbu Chemical Machinery") from (CNBM) Bengbu Design & Research Institute for Glass Industry Co., Ltd. ("Bengbu Institute") (a 100% indirect subsidiary of the Parent) at cash consideration of approximately RMB82,288,400, (the "Acquisition"). The Acquisition was completed in June 2019 and thus Bengbu Chemical Machinery has become a subsidiary of the Group.

As Bengbu Institute and the Company are controlled by the Parent, the Acquisition has been accounted for based on the principles of merge accounting.

The condensed consolidated interim financial information of the Group has been prepared using the merger basis of accounting as if the current group structure has been in existence throughout the periods presented. The unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 has been restated as a result of adoption of merger accounting for the above business combinations under common control.

The details of the relevant balances have been disclosed in Note 27 to the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group

The following new standards and amendments to IFRSs are mandatory for the first time adoption for the accounting period beginning on 1 January 2019:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of other new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in this condensed consolidated interim financial information.

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases, and the related interpretations.

Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS16.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of IFRS 16 (Continued)

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(b) As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of IFRS 16 (Continued)

(b) As a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of plant and machinery and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group(Continued)

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of IFRS 16 (Continued)

(b) As a lessee (Continued)

Right-of-use assets (Continued)

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of IFRS 16 (Continued)

(b) As a lessee (Continued)

Right-of-use assets (Continued)

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of IFRS 16 (Continued)

(b) As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of IFRS 16 (Continued)

(b) As a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of IFRS 16 (Continued)

(b) As a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of IFRS 16 (Continued)

(b) As a lessee (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

(c) As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies IFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(i) Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

Key changes in accounting policies resulting from application of IFRS 16 (Continued)

(c) As a lessor (Continued)

Lease Modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(ii) Transition and summary of effects arising from initial application of IFRS 16

(a) Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(ii) Transition and summary of effects arising from initial application of IFRS 16 (Continued)

(b) As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of land and buildings in the PRC was determined on a portfolio basis; and

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(ii) Transition and summary of effects arising from initial application of IFRS 16 (Continued)

(b) As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of IFRS 16:

The Group recognised lease liabilities of RMB10,755.09 million and right-of-use assets of RMB32,757.76 million at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The lessee's incremental borrowing rates applied are at a range of 4.35% to 4.90%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(ii) Transition and summary of effects arising from initial application of IFRS 16 (Continued)

(b) As a lessee (Continued)

	Note	**At 1 January 2019** ***RMB'000***
Operating lease commitments as at 31 December 2018		1,771,722
Lease liabilities discounted at relevant incremental borrowing rates		1,424,926
Add: Extension options reasonably certain to be exercised		8,397
Lease liabilities relating to operating leases recognised upon application of IFRS 16		1,433,323
Add: Obligations under finance leases recognised at 31 December 2018	(i)	9,321,764
Lease liabilities as at 1 January 2019		10,755,087
Analysed for reporting purposes:		
Current portion		5,221,760
Non-current portion		5,533,327
		10,755,087

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(ii) Transition and summary of effects arising from initial application of IFRS 16 (Continued)

(b) As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	**Right-of-use assets** *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		1,433,323
Reclassified from prepaid lease payments	(ii)	19,804,603
Amounts included in property, plant and equipment under IAS 17		
– Assets previously under finance leases	(i)	11,508,692
Lease prepayment at 1 January 2019		11,145
		32,757,763
By class:		
Land use rights		19,804,603
Land and buildings		2,276,139
Plant and machinery		10,412,708
Motor vehicles		264,313
		32,757,763

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(ii) Transition and summary of effects arising from initial application of IFRS 16 (Continued)

(b) As a lessee (Continued)

(i) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under leases as at 1 January 2019 amounting to RMB11,508.69 million as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB4,964.62 million and RMB4,357.14 million to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

(ii) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB507.41 million and RMB19,297.19 million respectively were reclassified to right-of-use assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(ii) Transition and summary of effects arising from initial application of IFRS 16 (Continued)

(c) As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

(i) Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(ii) Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. There has no material impact on the condensed financial statement of the Group as at 1 January 2019.

(iii) Effective on 1 January 2019, the Group has applied IFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards adopted by the Group (Continued)

(ii) Transition and summary of effects arising from initial application of IFRS 16 (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Balance at 31 December 2018 as restated (unaudited) *RMB'000*	Adjustments *RMB'000*	Balance under IFRS 16 at 1 January 2019 (unaudited) *RMB'000*
Non-current assets			
Property, plant and equipment	175,501,016	(11,508,692)	163,992,324
Right-of-use assets	–	32,757,763	32,757,763
Prepaid lease payments	19,297,185	(19,297,185)	–
Current assets			
Trade and other receivables	97,544,121	(518,563)	97,025,558
Current liabilities			
Lease liabilities	–	5,221,760	5,221,760
Obligations under finance leases	4,964,618	(4,964,618)	–
Non-current liabilities			
Lease liabilities	–	5,533,327	5,533,327
Obligations under finance leases	4,357,146	(4,357,146)	–

Note: For the purpose of reporting cash flows from operating activities under indirect method for the period ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) The following new standards and amendments to standards and interpretations have been issued but are not effective for the accounting period beginning on 1 January 2019, and have not been early adopted by the Group:

IFRS 17	Insurance Contracts[3]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 1 and IAS 8	Definition of Material[1]

1 Effective for annual periods beginning on or after 1 January 2020.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2021.

4 The original effective date of 1 January 2016 has been postponed until future announcement by the IASB.

The Group is in the process of making an assessment of what impact of these amendments and new standards would be in the period of initial application but not yet in a position to state whether these amendments, new or revised standards and interpretations would have significant impact on the Group's results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

3 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and capital risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

There have been no changes in the risk management policies during the current period.

4.2 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

4.3 Fair value measurement of financial instruments

(a) Financial instruments that are measured at fair value on a recurring basis

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value measurement of financial instruments (Continued)

(a) Financial instruments that are measured at fair value on a recurring basis (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2019:

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Derivative financial instruments	–	59	–	59
Financial assets at fair value through profit or loss	5,284,852	–	3,251,096	8,535,948
Financial assets at fair value through other comprehensive income	8,262	–	–	8,262
Total assets (unaudited)	**5,293,114**	**59**	**3,251,096**	**8,544,269**
Liabilities				
Derivative financial instruments	–	24,779	–	24,779
Financial guarantee contracts	–	–	64,000	64,000
Total liabilities (unaudited)	**–**	**24,779**	**64,000**	**88,779**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value measurement of financial instruments (Continued)

(a) Financial instruments that are measured at fair value on a recurring basis (Continued)

The following table presents the Group's assets and liability that are measured at fair value at 31 December 2018:

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Derivative financial instruments	–	225	–	225
Financial assets at fair value through profit or loss	4,674,539	–	4,506,946	9,181,485
Financial assets at fair value through other comprehensive income	7,880	–	–	7,880
Total assets (unaudited)	4,682,419	225	4,506,946	9,189,590
Liabilities				
Derivative financial instruments	–	11,088	–	11,088
Financial guarantee contracts	–	–	64,000	64,000
Total liabilities (unaudited)	–	11,088	64,000	75,088

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value measurement of financial instruments (Continued)

(a) Financial instruments that are measured at fair value on a recurring basis (Continued)

During the six months ended 30 June 2019, there were no significant transfers between levels of the financial assets and financial liabilities.

During the six months ended 30 June 2019, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

The fair value of financial instruments traded in active market is based on quoted market prices at the end of the reporting period. A market is regarded as active if quotes prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The instruments are included in Level 1. Instruments includes in Level 1 comprise primarily Hong Kong Stock Exchange, Shenzhen Stock Exchange and Shanghai Stock Exchange equity investments classified as trading securities.

The fair values of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value measurement of financial instruments (Continued)

(a) Financial instruments that are measured at fair value on a recurring basis (Continued)

The fair value of financial guarantee contracts is estimated by the management with reference to the financial condition of the guarantee, which were considered as Level 3 valuation.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

Information about Level 3 fair value measurements:

Financial assets	Fair value at 30 June 2019	Fair value at 31 December 2018	Valuation technique(s) and key inputs(s)	Relationship of unobservable inputs(s) to Fair value
Structured deposits	Bank deposits in Mainland China with non-closely related embedded derivative: RMB1,106,062,000	Bank deposits in Mainland China with non-closely related embedded derivative: RMB2,489,935,000	Discounted cash flows Key unobservable inputs are: Expected yields of 2.8% to 4.00% of money markets and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks (Note)	The higher the discount rate, the lower the fair value The higher the expected yield, the higher the fair value
Unlisted equity shares classified as financial assets at fair value through profit or loss	Unlisted equity shares, amounts of RMB2,145,034,000	Unlisted equity shares, amounts of RMB2,017,011,000	Net assets value key unobservable inputs is: Discount rate of 10%	The higher the discount rate, the lower the fair value

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value measurement of financial instruments (Continued)

(a) Financial instruments that are measured at fair value on a recurring basis (Continued)

Note: The management considers that the impact of the fluctuation in expected yields of the money market instruments and debt instruments to the fair value of structured deposits was significant as the deposits have short maturities, and therefore no sensitivity analysis is presented.

The management considers that the carrying amounts of the Group's financial assets and financial liabilities carried at cost or amortised cost were not materially different from their fair value.

(b) Financial instruments that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of the Group's financial assets and financial liabilities carried at cost or amortised cost were not materially different from their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

5 SEGMENT INFORMATION

For management purposes, the Group is currently organised into five major operating divisions during the period – cement, concrete, new materials, engineering services and others. These activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Cement	–	Production and sale of cement
Concrete	–	Production and sale of concrete
New materials	–	Production and sale of glass fiber, composite and light building materials
Engineering services	–	Provision of engineering services to glass and cement manufacturers and equipment procurement
Others	–	Merchandise trading business and others

More than 90% of the Group's operations and assets are located in the PRC for the six months ended 30 June 2019 and year ended 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

5 SEGMENT INFORMATION (CONTINUED)

(a) For the six months ended 30 June 2019:

The segment results for the six months ended 30 June 2019 are as follows:

Unaudited	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Revenue							
External sales							
At a point of time	58,291,248	22,890,738	13,918,329	–	557,447	–	95,657,762
Overtime	–	–	–	16,505,847	–	–	16,505,847
	58,291,248	22,890,738	13,918,329	16,505,847	557,447	–	112,163,609
Inter-segment sales *(Note)*	2,614,211	1,223	1,838	795,586	1,022,351	(4,435,209)	–
	60,905,459	22,891,961	13,920,167	17,301,433	1,579,798	(4,435,209)	112,163,609
Adjusted EBITDA (unaudited)	19,776,092	790,770	1,446,733	1,748,278	(534,196)	–	23,227,677
Depreciation and amortisation	(5,162,878)	(483,152)	(956,118)	(275,801)	(71,864)	–	(6,949,813)
Unallocated other income, net							29,113
Unallocated administrative expenses							(13,855)
Share of profits of associates	474,216	–	9,387	1,281	550,113	–	1,034,997
Share of (losses)/profits of joint ventures	(785)	–	2,088	(1,704)	–	–	(401)
Finance costs, net	(3,355,361)	(673,288)	(228,147)	(196,025)	(202,697)	–	(4,655,518)
Unallocated finance costs, net							(11,663)
Profit before income tax							12,660,537
Income tax expense							(3,846,058)
Profit for the period (unaudited)							8,814,479

Note: The inter-segment sales were carried out with reference to market prices.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

5. SEGMENT INFORMATION (CONTINUED)

(a) For the six months ended 30 June 2019: (Continued)

The segment results are disclosed as EBITDA, i.e. the profit earned by each segment without allocation of depreciation and amortisation, net other income, central administration costs, net finance costs, share of profits of associates, share of (losses)/profits of joint ventures and income tax expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the period under evaluation compared to relying on one of the measures.

(b) As at 30 June 2019:

The segment results for the six months ended 30 June 2019 are as follows:

	Cement *RMB'000*	Concrete *RMB'000*	New materials *RMB'000*	Engineering services *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
ASSETS							
Segment assets	240,304,071	48,402,134	48,904,497	54,532,207	4,401,832	–	396,544,741
Interests in associates	7,105,518	14,500	5,013,393	117,939	2,232,738	–	14,484,088
Interests in joint ventures	12,220	–	84,917	15,748	–	–	112,885
Unallocated assets							40,696,712
Total consolidated assets (unaudited)							451,838,426
LIABILITIES							
Segment liabilities	(131,185,673)	(16,673,569)	(23,035,055)	(46,232,426)	(7,723,390)	–	(224,850,113)
Unallocated liabilities							(81,114,136)
Total consolidated liabilities (unaudited)							(305,964,249)

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade creditors, borrowings, accruals and bills payable attributable to sales activities of each segment with the exception of corporate expense payables.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

5. SEGMENT INFORMATION (CONTINUED)

(c) For the six months ended 30 June 2018:

The segment results for the six months ended 30 June 2018 are as follows:

	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	New materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Eliminations *RMB'000* (restated)	Total *RMB'000* (restated)
Revenue							
External sales							
At a point of time	50,464,476	17,915,048	11,287,361	–	834,785	–	80,501,670
Over time	–	–	–	14,740,375	–	–	14,740,375
	50,464,476	17,915,048	11,287,361	14,740,375	834,785	–	95,242,045
Inter-segment sales *(Note)*	2,702,210	–	572,839	603,498	458,952	(4,337,499)	–
	53,166,686	17,915,048	11,860,200	15,343,873	1,293,737	(4,337,499)	95,242,045
Adjusted EBITDA (unaudited)	14,208,197	1,982,668	3,073,593	1,673,673	(348,541)	–	20,589,590
Depreciation and amortisation	(4,807,882)	(467,858)	(749,857)	(263,583)	(61,926)	–	(6,351,106)
Unallocated other expenses, net							(321,346)
Unallocated administrative expenses							(132,676)
Share of profits of associates	482,472	–	6,131	1,761	395,704	–	886,068
Share of profits of joint ventures	–	–	592	–	–	–	592
Finance costs, net	(3,599,932)	(1,017,912)	(231,789)	(205,320)	(165,861)	–	(5,220,814)
Unallocated finance costs, net							(235,587)
Profit before income tax							9,214,721
Income tax expenses							(2,467,816)
Profit for the period (unaudited)							6,746,905

Note: The inter-segment sales were carried out with reference to market prices.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

5. SEGMENT INFORMATION (CONTINUED)

(c) For the six months ended 30 June 2018: (Continued)

The segment results are disclosed as EBITDA, i.e. the profit earned by each segment without allocation of depreciation and amortisation, net other expenses, central administration costs, net finance costs, share of profits of associates, share of profits of joint ventures and income tax expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the period under evaluation compared to relying on one of the measures.

(d) As at 31 December 2018:

The segment assets and liabilities as at 31 December 2018 are as follows:

	Cement *RMB'000* (restated)	Concrete *RMB'000* (restated)	New materials *RMB'000* (restated)	Engineering services *RMB'000* (restated)	Others *RMB'000* (restated)	Eliminations *RMB'000* (restated)	Total *RMB'000* (restated)
Assets							
Segment assets	229,650,694	47,832,640	45,980,224	51,293,180	5,833,938	–	380,590,676
Interests in associates	6,741,471	–	4,877,219	55,829	1,852,808	–	13,527,327
Interest in joint ventures	8,632	–	64,122	7,452	–	–	80,206
Unallocated assets							42,637,818
Total consolidated assets (unaudited)							436,836,027
Liabilities							
Segment liabilities	(142,404,108)	(3,419,040)	(19,876,125)	(42,905,912)	(8,218,957)	–	(216,824,142)
Unallocated liabilities							(83,505,683)
Total consolidated liabilities (unaudited)							(300,329,825)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

5. SEGMENT INFORMATION (CONTINUED)

(e) A reconciliation of total adjusted profit before finance costs, income tax expense, depreciation and amortisation, is provided as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Adjusted EBITDA for reportable segments	**23,761,873**	20,938,131
Adjusted EBITDA for other segment	**(534,196)**	(348,541)
Total segments profit	**23,227,677**	20,589,590
Depreciation of property, plant and equipment	**(5,141,193)**	(5,737,128)
Depreciation of right-of-use assets	**(1,258,953)**	–
Amortisation of intangible assets	**(549,667)**	(353,412)
Amortisation of prepaid lease payments	**–**	(260,566)
Corporate items	**15,258**	(454,022)
Operating profit	**16,293,122**	13,784,462
Finance costs, net	**(4,667,181)**	(5,456,401)
Share of profits of associates	**1,034,997**	886,068
Share of (losses)/profits of joint ventures	**(401)**	592
Profit before income tax	**12,660,537**	9,214,721

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

6 INVESTMENT AND OTHER INCOME, NET

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Increase/(decrease) in fair value of financial assets at fair value through profit or loss	**768,340**	(1,210,215)
Decrease in fair value of derivative financial instruments	**(13,910)**	(37,976)
Government subsidies:		
– VAT refunds *(Note (a))*	**505,698**	557,905
– Government grants *(Note (b))*	**388,945**	253,812
– Interest subsidy	**719**	43,081
Net rental income	**253,820**	119,091
(Loss)/gain on disposal of other investments	**(3,358)**	1,775
Discount on acquisition of interests in subsidiaries *(Note 25(a))*	**1,610**	–
Gain on disposal of subsidiaries, net *(Note 25(b))*	**15,682**	–
Fair value losses on remeasurement of interests in associates *(Note 25(b))*	**–**	(9,960)
Claims received	**41,167**	29,222
Waiver of payables	**19,051**	23,880
Others	**120,638**	249,751
	2,098,402	20,366

Notes:

(a) The State Council of the PRC issued a "Notice Encouraging Comprehensive Utilisation of Natural Resources" (the "Notice") in 1996 to encourage and support enterprises, through incentive policies, to comprehensively utilise natural resources. Pursuant to the Notice, the Ministry of Finance and the State Administration of Taxation of the PRC enacted several regulations providing incentives in form of VAT refund for certain environmentally friendly products, including products that utilise industrial waste as part of their raw materials. Under the Notice and such regulations, the Group is entitled to receive immediate or future refund on any paid VAT with respect to any eligible products as income after it receives approvals from the relevant government authorities.

(b) Government grants are awarded to the Group by the local government agencies as incentives primarily to encourage the development of the Group and the contribution to the local economic development.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

7 FINANCE COSTS, NET

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Interest expenses on bank borrowings:		
– wholly repayable within five years	**2,921,331**	3,257,889
– not wholly repayable within five years	**192**	7,299
	2,921,523	3,265,188
Interest expenses on finance lease	**–**	355,582
Interest expenses on lease liabilities	**162,691**	–
Interest expenses on bonds and other borrowings	**2,020,104**	2,331,884
Less: interest capitalised to construction in progress	**(52,662)**	(129,579)
	5,051,656	5,823,075
Interest income:		
– interest on bank deposits	**(210,468)**	(234,183)
– interest on loan receivables	**(174,007)**	(132,491)
	(384,475)	(366,674)
Finance costs, net	**4,667,181**	5,456,401

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**5,166,474**	5,766,944
Depreciation of investment properties	**13,856**	16,124
Depreciation of right-of-use assets	**1,258,953**	–
Amortisation of intangible assets	**550,436**	356,984
Amortisation of prepaid lease payments	**–**	260,566
Impairment loss on goodwill	**918,544**	–
Impairment loss on property, plant and equipment	**590,424**	610,746
Impairment loss on intangible assets	**379**	–
Impairment loss on right-of-use assets	**5,948**	–
Allowance for impairment in respect of trade and other receivables	**1,738,476**	1,424,460
Staff costs	**8,856,883**	7,930,642
Loss/(gain) on disposal of property, plant and equipment, investment properties and intangible assets, net	**76,524**	(15,017)
Net foreign exchange (gains)/losses	**(8,549)**	329,753

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Current income tax	**3,847,908**	3,060,604
Deferred income tax	**(1,850)**	(592,788)
	3,846,058	2,467,816

PRC income tax is calculated at 25% (2018: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate of 15% (2018: 15%) entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

Taxation on profits outside the PRC has been calculated on the estimated assessable profits for the six months ended 30 June 2019 and 2018 at the rates of taxation prevailing in the countries in which the Group operates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

10. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends	**1,518,259**	843,477

During the period, dividend amounting to approximately RMB1,518.26 million (six months ended 30 June 2018: approximately RMB843.48 million) was announced as the final dividend for the immediate preceding financial year.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019.

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	**5,767,470**	3,811,771

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(unaudited)	(unaudited)
Weighted average number of ordinary shares in issue	**8,434,771**	8,434,771

No diluted earnings per share have been presented as the Group did not have any dilutive potential ordinary shares outstanding during both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

12. PROPERTY, PLANT AND EQUIPMENT

Six months ended 30 June 2019

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Net book value					
As at 31 December 2018					
As previously reported	12,841,807	86,730,721	73,007,541	2,895,795	175,475,864
Business combination under common control *(Note 27)*	23,044	767	1,118	223	25,152
As restated	12,864,851	86,731,488	73,008,659	2,896,018	175,501,016
Adjustment on initial application of IFRS 16 *(Note 2(b))*	(161,517)	(1,220,987)	(10,100,007)	(26,181)	(11,508,692)
As at 1 January 2019, as restated	12,703,334	85,510,501	62,908,652	2,869,837	163,992,324
Additions	7,613,867	985,224	773,864	188,294	9,561,249
Acquisition of subsidiaries *(Note 25(a))*	7,938	39,941	21,509	12,649	82,037
Transfer from construction in progress	(2,827,012)	1,052,938	1,764,219	9,855	–
Transfer to construction in progress for reconstruction	414,286	(52,787)	(361,306)	(193)	–
Transfer to investment properties	–	(4,509)	–	–	(4,509)
Disposals	(392,970)	(120,261)	(118,345)	(105,886)	(737,462)
Disposals of subsidiaries *(Note 25(b))*	–	(10,100)	(55,511)	(2,320)	(67,931)
Depreciation and impairment	–	(2,114,020)	(3,313,302)	(329,576)	(5,756,898)
As at 30 June 2019 (unaudited)	17,519,443	85,286,927	61,619,780	2,642,660	167,068,810

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2018

	Construction in progress *RMB'000*	Land and buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Net book value					
As at 1 January 2018					
As previously restated	11,879,476	86,339,617	74,663,412	3,591,025	176,473,530
Business combination under common control	17,107	1,112	1,084	105	19,408
As restated	11,896,583	86,340,729	74,664,496	3,591,130	176,492,938
Additions	10,683,010	2,197,228	2,504,412	243,347	15,627,997
Acquisition of subsidiaries	199,830	44,031	118,807	2,711	365,379
Transfer from construction in progress	(10,024,382)	4,198,433	5,801,526	24,423	–
Transfer to construction in progress for reconstruction	806,859	(250,964)	(555,895)	–	–
Transfer from investment properties	–	19,004	–	–	19,004
Transfer to investment properties	(12,758)	(31,924)	–	–	(44,682)
Disposals	(106,430)	(596,797)	(465,840)	(266,153)	(1,435,220)
Disposals of subsidiaries	(51)	(201,708)	(148,074)	(3,204)	(353,037)
Depreciation and impairment	(577,810)	(4,986,544)	(8,910,773)	(696,236)	(15,171,363)
As at 31 December 2018 (restated and unaudited)	12,864,851	86,731,488	73,008,659	2,896,018	175,501,016

At the end of the reporting period, the carrying amount of the Group's property, plant and equipment pledged to secure the borrowings grant to the Group is analysed as follows:

	30 June 2019 ***RMB'000*** **(unaudited)**	31 December 2018 *RMB'000* (restated) (unaudited)
Construction in progress	**–**	9,396
Land and buildings	**1,053,355**	1,280,497
Plant and machinery	**4,469,519**	7,145,885
	5,522,874	8,435,778

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

13 RIGHT-OF-USE ASSETS

	30 June 2019 ***RMB'000*** **(unaudited)**
Land use rights	**19,736,919**
Land and buildings	**2,234,793**
Plant and machinery	**9,660,990**
Motor vehicles	**247,507**
	31,880,209

During the period ended 30 June 2019, additions to the right-of-use assets were approximately RMB430.76 million.

As at 30 June 2019, approximately RMB346.54 million of land use right are pledged to secure borrowings granted to the Group.

14. GOODWILL

	30 June 2019 ***RMB'000*** **(unaudited)**	31 December 2018 *RMB'000* (unaudited)
At the beginning of the period/year	**43,657,580**	46,068,583
Arising from acquisition of subsidiaries	**9,604**	25,778
Deregistration of a subsidiary	**(53,490)**	(177,845)
Disposal of subsidiaries	**–**	(11,072)
Impairment for the period/year	**(918,544)**	(2,254,568)
Exchange difference	**(1,390)**	6,704
At the end of the period/year	**42,693,760**	43,657,580

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

14. GOODWILL (CONTINUED)

Goodwill is allocated to the cash-generating units that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cement	**32,900,663**	32,959,864
Concrete	**8,669,292**	9,572,521
New materials	**119,856**	119,856
Engineering services	**942,334**	943,724
Others	**61,615**	61,615
	42,693,760	43,657,580

15. INTERESTS IN ASSOCIATES

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of investments in associates		
– listed in the PRC	**1,440,949**	1,440,949
– listed in Hong Kong	**767,529**	767,529
– unlisted	**5,304,696**	4,859,848
Share of post-acquisition profit, net of dividend received	**6,970,914**	6,459,001
	14,484,088	13,527,327
Fair value of listed investments	**12,870,644**	10,269,373

As at 30 June 2019, the cost of investments in associates included goodwill of associates of approximately RMB731.90 million (31 December 2018: approximately RMB731.90 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

16. DEPOSITS

	30 June 2019 ***RMB'000*** **(unaudited)**	31 December 2018 *RMB'000* (unaudited)
Investment deposits for acquisition of subsidiaries	**989,763**	1,028,602
Investment deposits for acquisition of associates	**72,412**	–
Deposits paid to acquire property, plant and equipment	**2,158,303**	1,707,504
Deposits paid to acquire intangible assets	**719,684**	292,218
Deposits paid in respect of prepaid lease payments	**–**	328,425
Deposits paid in respect of right-of-use assets	**197,462**	–
	4,137,624	3,356,749

Note: The carrying amounts of the deposits approximate to their fair values.

17. TRADE AND OTHER RECEIVABLES

	30 June 2019 ***RMB'000*** **(unaudited)**	31 December 2018 *RMB'000* (restated) (unaudited)
Trade receivables, net of allowance for impairment	**51,620,693**	44,626,704
Bills receivable	**22,135,146**	20,979,749
Contract assets	**11,720,018**	10,860,968
Prepaid lease payments	**–**	507,418
Other receivables, deposits and prepayments	**26,975,379**	26,490,102
	112,451,236	103,464,941

The Group normally allowed an average of credit period of 60 to 180 days to its trade customers except for customers of engineering services segment, the credit period are normally ranging from 1 to 2 years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of trade receivables based on the invoice date is as follows:

	30 June 2019 *RMB'000* (unaudited)	31 December 2018 *RMB'000* (restated) (unaudited)
Within two months	**10,520,720**	8,995,854
More than two months but within one year	**23,859,559**	22,760,058
Between one and two years	**11,298,826**	7,264,887
Between two and three years	**3,781,207**	3,381,711
Over three years	**2,160,381**	2,224,194
	51,620,693	44,626,704

The carrying amounts of trade and other receivables approximate to their fair values. Bills receivable is aged within six months.

As at 30 June 2019, approximately RMB Nil (31 December 2018: approximately RMB1,011.88 million) of the trade receivables and approximately RMB1,084.57 million (31 December 2018: approximately RMB934.95 million) of bills receivable are pledged to secure borrowings granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Analysed for reporting purposes:

	30 June 2019 *RMB'000* **(unaudited)**	31 December 2018 *RMB'000* (restated) (unaudited)
Non-current portion	**6,612,700**	5,920,820
Current portion	**105,838,536**	97,544,121
	112,451,236	103,464,941

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 *RMB'000* **(unaudited)**	31 December 2018 *RMB'000* (unaudited)
Financial assets at fair value through profit or loss:		
– Investment funds listed outside Hong Kong	**239**	239
– Equity shares listed outside Hong Kong	**3,549,202**	3,157,652
– Equity shares listed in Hong Kong	**1,735,411**	1,516,648
– Structured deposits *(Note)*	**1,106,062**	2,489,935
– Unlisted equity shares	**2,145,034**	2,017,011
	8,535,948	9,181,485

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Analysed for reporting purposes:

	30 June 2019 *RMB'000* **(unaudited)**	31 December 2018 *RMB'000* (unaudited)
Non-current portion	**1,817,479**	1,987,450
Current portion	**6,718,469**	7,194,035
	8,535,948	9,181,485

Note: During the period ended 30 June 2019 and year ended 31 December 2018, the Group entered into certain investments with certain financial institutions. The investments based on respective contracts have maturity dates within 3 months.

As at 30 June 2019, approximately RMB472.34 million (31 December 2018: RMB472.34 million) of the financial assets at fair value through profit or loss are pledged to secure borrowings granted to the Group.

19. PLEDGED BANK DEPOSITS

As at 30 June 2019, the Group pledged approximately RMB6,765.98 million bank deposits (31 December 2018: approximately RMB6,846.41 million), which is denominated in RMB, to banks of the Group to secure the bank borrowings due within one year and the short-term banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits carry interest at market rates which ranging from 0.35% to 2.80% (the year ended 31 December 2018: ranging from 0.35% to 2.80%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

20. ASSETS CLASSIFIED AS HELD-FOR-SALE

According to the Notice on Implementation Scheme of Removal of Polluting Enterprises (Including Chemical Enterprises) from Central Urban Area of Urumqi Municipality (WZB [2011] No. 104) issued by the General Office of the People's Government of Urumqi Municipality, premise ("Cangfanggou Premise") of Xinjiang Tianshan Cement Co., Ltd. ("Tianshan Cement") (a directly-owned subsidiary of the Company) in No. 242, Shuinichang Street, Cangfanggou Road, Urumqi would be relocated in whole. The government would take back the state-owned land involved in the said removal. Tianshan Cement carried out bid, auction and listing for the land as per the planed conditions and relocation compensation conditions specified by the government. Xinjiang Tianshan Building Materials (Group) Real Estate Development Co., Ltd. delisted the land and obtained the development right of the land, and should pay the relocation loss and personnel resettlement costs due to the relocation. The relocation and development principles, i.e. "compliance with planning, overall removal, step-by-step demolition and delivery, and phased compensation", determined in the document of the people's government of the autonomous region (XZH [2013] No. 214) shall be followed. Supplementary development of municipal roads and traffic infrastructure of Cangfanggou Premise shall be provided. Tianshan Cement performed relocation and delivered the assets step by step.

Tianshan Cement signed the relocation compensation agreement of Cangfanggou Premise with Xinjiang Tianshan Building Materials (Group) Real Estate Development Co., Ltd., agreeing that assets in the relocation range should be delivered in six phases (i.e. 2014–2019).

As at 30 June 2019, the carrying amounts and the fair value of assets related to Cangfanggou Premise phases IV-VI (31 December 2018: phase IV-VI) which amounted to approximately RMB11.19 million (31 December 2018: RMB11.19 million) and approximately RMB89.72 million (31 December 2018: RMB89.72 million), respectively, are planned to be delivered at the end of 2019.

The major classes of assets of the Cangfanggou Premise phases IV-VI at 30 June 2019 and 31 December 2018 are property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

21. TRADE AND OTHER PAYABLES

The ageing analysis of trade and other payables is as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Within two months	**10,277,360**	7,334,650
More than two months but within one year	**21,401,321**	18,850,239
Between one and two years	**3,665,550**	2,962,730
Between two and three years	**1,101,791**	1,268,333
Over three years	**2,466,034**	2,330,353
Trade payables	**38,912,056**	32,746,305
Bills payable	**15,507,546**	15,151,772
Contract liabilities	**15,856,415**	13,766,052
Other payables	**18,777,015**	17,377,875
	89,053,032	79,042,004

The carrying amounts of trade and other payables approximate to their fair values. Bills payable is aged within six months.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

22. BORROWINGS

	30 June 2019 *RMB'000* (unaudited)	31 December 2018 *RMB'000* (restated) (unaudited)
Bank borrowings:		
– Secured	**2,865,842**	4,999,350
– Unsecured	**111,310,913**	104,534,603
	114,176,755	109,533,953
Bonds	**82,345,478**	88,443,943
Borrowings from other financial institutions	**1,143,137**	1,074,867
	197,665,370	199,052,763
Analysed for reporting purposes:		
Non-current portion	**85,202,553**	77,532,956
Current portion	**112,462,817**	121,519,807
	197,665,370	199,052,763

The interest rates of the borrowings are ranged from 1.00% to 6.30% per annum during the period (the year ended 31 December 2018: ranged from 1.00% to 6.50%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

22. BORROWINGS (CONTINUED)

At the end of the reporting period, the carrying amounts of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Property, plant and equipment *(Note 12)*	**5,522,874**	8,435,778
Right-of-use assets *(Note 13)*	**346,542**	–
Prepaid lease payments	**–**	244,686
Intangible assets	**–**	35,253
Financial assets at fair value through profit or loss *(Note 18)*	**472,344**	472,344
Pledged bank deposits *(Note 19)*	**6,765,981**	6,846,409
Trade receivables *(Note 17)*	**–**	1,011,881
Bills receivable *(Note 17)*	**1,084,567**	934,947
	14,192,308	17,981,298

23. EMPLOYEE BENEFITS PAYABLE

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

23. EMPLOYEE BENEFITS PAYABLE (CONTINUED)

The movements of employee benefit payable are as follows:

	30 June 2019 *RMB'000* **(unaudited)**	31 December 2018 *RMB'000* (unaudited)
At the beginning of the period/year	**272,155**	252,356
Interest cost	**307**	8,287
Remeasurements:		
– Adjustments for restrictions on the defined benefit asset	**24**	(39)
– Actuarial losses recognised in the period/year	**2,521**	18,194
– Past service cost, including losses on curtailments	**–**	4,661
Benefits paid	**(7,100)**	(11,304)
At the end of the period/year	**267,907**	272,155

Analysed for reporting purposes:

	30 June 2019 *RMB'000* **(unaudited)**	31 December 2018 *RMB'000* (unaudited)
Non-current portion	**265,477**	267,442
Current portion	**2,430**	4,713
	267,907	272,155

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

24. SHARE CAPITAL

	Domestic share *(Note (a))*		H Shares *(Note (b))*		Unlisted foreign shares *(Note (c))*		
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Total capital
		RMB'000		*RMB'000*		*RMB'000*	*RMB'000*
Registered and paid up shares of RMB1.0 each							
As at 1 January 2018	2,519,854,366	2,519,854	2,879,171,896	2,879,172	–	–	5,399,026
Issuance of new shares *(Note (d))*	1,935,044,267	1,935,045	989,525,898	989,526	111,174,235	111,174	3,035,745
As at 31 December 2018, 1 January 2019 and 30 June 2019	4,454,898,633	4,454,899	3,868,697,794	3,868,698	111,174,235	111,174	8,434,771

Notes:

(a) Domestic shares are ordinary shares subscribed for and credited as fully paid up in RMB by the PRC government and/or PRC incorporated entities only.

(b) H shares are ordinary shares listed in the Hong Kong Stock Exchange subscribed for, traded in and credited as fully paid up in HKD by persons other than the PRC government and/or the PRC incorporated entities only.

(c) Unlisted Foreign Shares are non-overseas listed ordinary shares subscribed for and credited as fully paid up in foreign currency by persons other than the PRC government and/or the PRC incorporated entities only.

(d) Pursuant to a special resolution passed at the CNBM's extraordinary general meeting, the H shareholders' class meeting of CNBM, the domestic shareholders' class meeting of CNBM, the Sinoma's extraordinary general meeting and the H Shareholders' Class meeting of Sinoma held on 6 December 2017, the Company issued 989,525,898 H Shares of RMB1.00 each, 1,935,044,267 Domestic Shares of RMB1.00 each and 111,174,235 Unlisted Foreign Shares of RMB1.00 each on 2 May 2018 in exchange for entire issued share capital of Sinoma.

Other than the specific requirements on the holders of the shares as set out in Notes (a), (b) and (c), the shares mentioned above rank pari passu in all respects with each other.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

25. ACQUISITION AND DISPOSALS OF SUBSIDIARIES

(a) Acquisition of subsidiaries not under common control

During the six months ended 30 June 2019, the Group acquired 2 subsidiaries, namely, Lianyuanshi Jinling building materials Company Limited ("連源市金鈴建材有限公司") and Ruyan Yao Autonomous County Jiawang Concrete Commodity Mixing Company Limited ("乳源瑤族自治縣嘉旺商品混凝土攪拌有限公司") and certain assets through acquisition of subsidiaries. The acquired subsidiaries and business are principally engaged in the production and sale of cement and concrete.

These acquisitions have been accounted for using the acquisition method.

Summary of net assets acquired in the transactions during the period ended 30 June 2019, and the goodwill arising, are as follows:

	2019 **Fair value** ***RMB'000***
Net assets acquired:	
Property, plant and equipment *(Note 12)*	**82,037**
Right-of-use assets	**5,663**
Intangible assets	**731**
Deferred income tax assets	**1,110**
Inventories	**1,934**
Trade and other receivables	**112,505**
Cash and cash equivalents	**896**
Trade and other payables	**(113,029)**
Borrowings	**(3,302)**
Deferred income	**(255)**
Deferred income tax liabilities	**(4,137)**
Net assets	**84,153**
Discount on acquisition of interests in subsidiaries *(Note 6)*	**(1,610)**
Non-controlling interests	**(2,218)**
Goodwill	**9,604**
Total consideration	**89,929**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

25. ACQUISITION AND DISPOSALS OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries not under common control (Continued)

	2019 Fair value ***RMB'000***
Total consideration satisfied by:	
Other payables	**89,929**
Net cash inflow arising on acquisition:	
Cash consideration paid	**–**
Less: Cash and cash equivalents acquired	**896**
	896

The goodwill mainly arising on the acquisition of these companies is attributable to the benefit of expected revenue growth and future market development, and the synergies in consolidating the Group's cement and concrete operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Included in the revenue and loss for the period are approximately RMB7.08 million and RMB0.35 million respectively attributable to the additional business mainly generated by these newly acquired cement and concrete companies.

Had these business combinations been effected at 1 January 2019, the revenue of the Group would be approximately RMB112,171.54 million and profit for the period of the Group would be approximately RMB8,813.88 million. The management of the Company considers these 'pro-forma' an approximate measure of the performance of the combined group on an annualised basis and reference point for comparison in future periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

25. ACQUISITION AND DISPOSALS OF SUBSIDIARIES (CONTINUED)

(b) Disposal of subsidiaries

During the six months ended 30 June 2019 and 2018, the Group disposed of its equity interests in certain subsidiaries to third parties. The net (liabilities)/assets of these disposed subsidiaries at the date of disposal were as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Net (liabilities)/assets disposed of:		
Property, plant and equipment	**67,931**	192,726
Right-of-use assets	**2,891**	–
Goodwill	**–**	11,072
Prepaid lease payments	**–**	7,068
Deferred income tax assets	**–**	4,428
Inventories	**249**	328,253
Trade and other receivables	**9,035**	109,545
Cash and cash equivalents	**5,833**	7,938
Trade and other payables	**(71,904)**	(194,546)
Current income tax liabilities	**(210)**	(17,250)
Deferred income	**–**	(3,090)
Amounts due to related parties	**–**	(129,947)
Borrowings	**(29,400)**	(123,000)
Deferred income tax liabilities	**–**	(3,685)
Net (liabilities)/assets disposed of	**(15,575)**	189,512
Consideration received:		
Cash	**2,202**	–
Non-controlling interests	**(2,095)**	67,599
Interests in associates	**–**	111,953
Add: fair value losses on remeasurement of interests in associates *(Note 6)*	**–**	9,960
Add: net liabilities/(assets) disposed of	**15,575**	(189,512)
Gain on disposal of subsidiaries, net *(Note 6)*	**15,682**	–
Net cash outflow of cash arising from disposal of subsidiaries:		
Cash consideration	**2,202**	–
Cash and cash equivalents in subsidiaries disposed of	**(5,833)**	(7,938)
Net cash outflow from disposal of subsidiaries	**(3,631)**	(7,938)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

26. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Acquisition of additional interests in subsidiaries without change in control

For the period ended 30 June 2019, the Group acquired additional issued shares of a subsidiary for a purchase consideration of approximately RMB230.00 million (2018: RMB2,075.59 million). The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was approximately RMB77.49 million (2018: RMB2,857.13 million). The Group recognised a decrease in non-controlling interests of approximately RMB77.49 million (2018: RMB2,857.13 million) and a decrease in equity attributable to owners of the Company of approximately RMB152.51 million (2018: increase in equity attributable to owners of the Company of approximately RMB781.53 million).

	30 June 2019	30 June 2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Carrying amount of non-controlling interests acquired	**77,491**	2,857,126
Consideration paid to non-controlling interests	**(230,000)**	(2,075,594)
(Excess)/shortfall of consideration paid recognised within parent's equity	**(152,509)**	781,532

Details of the Group's significant acquisition of additional interests in subsidiaries without change in control during both periods are as follows:

North Cement Company Limited ("北方水泥有限公司")("North Cement")

During the six months ended 30 June 2019, the Group acquired additional equity interests in North Cement for a consideration of approximately RMB230.00 million. After that, the Group's effective equity interests in North Cement increased from 70.00% to 73.90%. The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was approximately RMB77.49 million. The Group recognised a decrease in non-controlling interests of approximately RMB77.49 million and a decrease in equity attributable to owners of the Company of approximately RMB152.51 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

26. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (CONTINUED)

(a) Acquisition of additional interests in subsidiaries without change in control (Continued)

Southwest Cement Company Limited (“西南水泥有限公司”) (“Southwest Cement”)

During the six months ended 30 June 2018, the Group acquired additional equity interests in Southwest Cement for a consideration of approximately RMB1,917.75 million. After that, the Group’s effective equity interests in Southwest Cement increased from 71.00% to 89.70%. The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was approximately RMB2,425.88 million. The Group recognised a decrease in non-controlling interests of approximately RMB2,425.88 million and an increase in equity attributable to owners of the Company of approximately RMB508.13 million.

Beijing New Building Material Public Limited Company (“北新集團建材股份有限公司”) (“BNBM”)

During the six months ended 30 June 2018, BNBM has repurchased and cancelled 5.539% of its share from the non-controlling shareholders for a consideration of RMB1. After that, the Group’s effective equity interests in BNBM increased from 35.73% to 37.83%. The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was approximately RMB260.46 million. The Group recognised a decrease in non-controlling interests of approximately RMB260.46 million and an increase in equity attributable to owners of the Company of approximately RMB260.46 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

26. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (CONTINUED)

(a) Acquisition of additional interests in subsidiaries without change in control (Continued)

South Cement Company Limited ("南方水泥有限公司") ("South Cement")

During the six months ended 30 June 2018, the Group acquired additional equity interests in South Cement for a consideration of RMB157.84 million. After that, the Group's effective equity interests in South Cement increased from 82.30% to 83.10%. The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was approximately RMB170.78 million. The Group recognised a decrease in non-controlling interests of approximately RMB170.78 million and an increase in equity attributable to owners of the Company of approximately RMB12.94 million.

(b) Deemed partial disposal of interests in subsidiaries without losing control

	30 June 2019 ***RMB'000*** **(unaudited)**
Carrying amount of equity interest obtained by non-controlling interests	**(3,713,018)**
Capital contributed by non-controlling interests	**3,400,000**
Loss on disposal within equity	**(313,018)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

26. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (CONTINUED)

(b) Deemed partial disposal of interests in subsidiaries without losing control (Continued)

Details of the Group's significant deemed partial disposal of interests in subsidiaries without losing control during the period ended 30 June 2019 are as follows:

South Cement Company Limited ("南方水泥有限公司") ("South Cement")

In December 2018, the Company entered into capital increase agreements with two independent third parties ("South Cement investors"), pursuant to which the South Cement investors agreed to contributes RMB2,000.00 million to South Cement.

During the period ended 30 June 2019, the South Cement investors contributed RMB2,000.00 million to South Cement. After that, the Group's effective equity interests in South Cement decreased from 92.03% to 84.83%. As a result, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB320.76 million and increase in non-controlling interests of approximately RMB2,320.76 million.

Southwest Cement Company Limited ("西南水泥有限公司")("Southwest Cement")

In December 2018, the Company entered into capital increase agreements with two independent third parties ("Southwest Cement investors"), pursuant to which the Southwest Cement investors agreed to contributes RMB2,000.00 million to Southwest Cement.

As at 31 December 2018, Southwest Cement investors had contributed RMB600.00 million to Southwest Cement. During the period ended 30 June 2019, the Southwest Cement investors further contributed RMB1,400.00 million to Southwest Cement. After that, the Group's effective equity interests in Southwest Cement decreased from 92.20% to 79.84%. As a result, the Group recognised an increase in equity attributable to owners of the Company of approximately RMB7.74 million and increase in non-controlling interests of approximately RMB1,392.26 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

27. BUSINESS COMBINATION UNDER COMMON CONTROL

As mentioned in Note 2(a) to the condensed consolidated interim financial information, the acquisition of Bengbu Chemical Machinery has been accounted for based on merger accounting.

The reconciliation of the effect arising from the business combination under common control on the condensed consolidated statements of financial position as at 30 June 2019 and 31 December 2018 are as follows:

As at 30 June 2019

	The Group excluding Bengbu Chemical Machinery *RMB'000* (unaudited)	Bengbu Chemical Machinery *RMB'000* (unaudited)	Adjustments *RMB'000* (unaudited)	Consolidated *RMB'000* (unaudited)
Non-current assets				
Property, plant and equipment	167,043,076	25,734	–	167,068,810
Right-of-use assets	31,855,524	24,685	–	31,880,209
Investment in subsidiaries	82,288	–	(82,288)	–
Deferred income tax assets	6,089,958	3,005	–	6,092,963
Other non-current assets	80,529,693	–	–	80,529,693
	285,600,539	53,424	(82,288)	285,571,675
Current assets				
Inventories	22,850,024	32,954	–	22,882,978
Trade and other receivables	105,802,050	36,486	–	105,838,536
Amounts due from related parties	4,751,488	60,819	(52,734)	4,759,573
Cash and cash equivalents	19,289,681	286	–	19,289,967
Other current assets	13,484,509	–	–	13,484,509
	166,177,752	130,545	(52,734)	166,255,563
Assets classified as held-for-sale	11,188	–	–	11,188
	166,188,940	130,545	(52,734)	166,266,751

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

27. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

As at 30 June 2019 (Continued)

	The Group excluding Bengbu Chemical Machinery *RMB'000* (unaudited)	Bengbu Chemical Machinery *RMB'000* (unaudited)	Adjustments *RMB'000* (unaudited)	Consolidated *RMB'000* (unaudited)
Current liabilities				
Trade and other payables	89,029,793	23,239	–	89,053,032
Amounts due to related parties	3,875,867	63,780	(52,734)	3,886,913
Borrowings – amount due within one year	112,452,817	10,000	–	112,462,817
Current income tax liabilities	3,415,437	261	–	3,415,698
Other current liabilities	3,089,139	–	–	3,089,139
	211,863,053	97,280	(52,734)	211,907,599
Net current (liabilities)/assets	(45,674,113)	33,265	–	(45,640,848)
Total assets less current liabilities	239,926,426	86,689	(82,288)	239,930,827

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

27. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

As at 30 June 2019 (Continued)

	The Group excluding Bengbu Chemical Machinery *RMB'000* (unaudited)	Bengbu Chemical Machinery *RMB'000* (unaudited)	Adjustments *RMB'000* (unaudited)	Consolidated *RMB'000* (unaudited)
Non-current liabilities:				
Borrowings – amount due after one year	85,194,553	8,000	–	85,202,553
Other non-current liabilities	8,854,097	–	–	8,854,097
	94,048,650	8,000	–	94,056,650
Net assets	145,877,776	78,689	(82,288)	145,874,177
Capital and reserves				
Share capital	8,434,771	30,000	(30,000)	8,434,771
Reserves	67,713,817	48,689	(59,370)	67,703,136
Equity attributable to:				
Owners of the Company	76,148,588	78,689	(89,370)	76,137,907
Holders of perpetual capital instruments	24,161,186	–	–	24,161,186
Non-controlling interests	45,568,002	–	7,082	45,575,084
Total equity	145,877,776	78,689	(82,288)	145,874,177

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

27. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

As at 31 December 2018

	The Group excluding Bengbu Chemical Machinery *RMB'000* (unaudited)	Bengbu Chemical Machinery *RMB'000* (unaudited)	Adjustments *RMB'000* (unaudited)	Consolidated *RMB'000* (unaudited)
Non-current assets				
Property, plant and equipment	175,475,864	25,152	–	175,501,016
Prepaid lease payments	19,272,500	24,685	–	19,297,185
Deferred income tax assets	6,223,157	2,568	–	6,225,725
Other non-current assets	78,877,799	–	–	78,877,799
	279,849,320	52,405	–	279,901,725
Current assets				
Inventories	19,676,213	47,956	–	19,724,169
Trade and other receivables	97,482,054	62,067	–	97,544,121
Amounts due from related parties	4,690,667	27,382	(15,622)	4,702,427
Cash and cash equivalents	20,898,058	13,670	–	20,911,728
Other current assets	14,040,669	–	–	14,040,669
	156,787,661	151,075	(15,622)	156,923,114
Assets classified as held-for-sale	11,188	–	–	11,188
	156,798,849	151,075	(15,622)	156,934,302

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

27. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

As at 31 December 2018 (Continued)

	The Group excluding Bengbu Chemical Machinery *RMB'000* (unaudited)	Bengbu Chemical Machinery *RMB'000* (unaudited)	Adjustments *RMB'000* (unaudited)	Consolidated *RMB'000* (unaudited)
Current liabilities				
Trade and other payables	78,989,884	52,120	–	79,042,004
Amounts due to related parties	3,642,652	25,963	(15,622)	3,652,993
Borrowings – amount due within one year	121,509,807	10,000	–	121,519,807
Current income tax liabilities	4,315,509	1,224	–	4,316,733
Other current liabilities	5,259,198	–	–	5,259,198
	213,717,050	89,307	(15,622)	213,790,735
Net current (liabilities)/assets	(56,918,201)	61,768	–	(56,856,433)
Total assets less current liabilities	222,931,119	114,173	–	223,045,292

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

27. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

As at 31 December 2018 (Continued)

	The Group excluding Bengbu Chemical Machinery *RMB'000* (unaudited)	Bengbu Chemical Machinery *RMB'000* (unaudited)	Adjustments *RMB'000* (unaudited)	Consolidated *RMB'000* (unaudited)
Non-current liabilities				
Borrowings – amount due after one year	77,529,956	3,000	–	77,532,956
Deferred income	1,912,139	30,000	–	1,942,139
Other non-current liabilities	7,063,995	–	–	7,063,995
	86,506,090	33,000	–	86,539,090
Net assets	136,425,029	81,173	–	136,506,202
Capital and reserves				
Share capital	8,434,771	30,000	(30,000)	8,434,771
Reserves	63,776,167	51,173	22,694	63,850,034
Equity attributable to:				
Owners of the Company	72,210,938	81,173	(7,306)	72,284,805
Holders of perpetual capital instruments	22,219,087	–	–	22,219,087
Non-controlling interests	41,995,004	–	7,306	42,002,310
Total equity	136,425,029	81,173	–	136,506,202

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

27. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

The reconciliation of the effect arising from the common control combination on the condensed consolidated statement of profit or loss for the six months ended 30 June 2018 is as follows:

	The Group excluding Bengbu Chemical Machinery *RMB'000* (unaudited)	Bengbu Chemical Machinery *RMB'000* (unaudited)	Adjustments *RMB'000* (unaudited)	Consolidated *RMB'000* (unaudited)
Revenue	95,227,944	43,667	(29,566)	95,242,045
Cost of sales	(66,715,129)	(37,856)	29,566	(66,723,419)
Gross profit	28,512,815	5,811	–	28,518,626
Investment and other income, net	20,064	302	–	20,366
Selling and distribution costs	(5,260,034)	(637)	–	(5,260,671)
Administrative expenses	(9,489,191)	(4,668)	–	(9,493,859)
Finance costs, net	(5,455,736)	(665)	–	(5,456,401)
Share of profits of associates	886,068	–	–	886,068
Share of profits of joint ventures	592	–	–	592
Profit before income tax	9,214,578	143	–	9,214,721
Income tax expense	(2,467,777)	(39)	–	(2,467,816)
Profit for the period	6,746,801	104	–	6,746,905
Profit attributable to:				
Owners of the Company	3,811,676	104	(9)	3,811,771
Holders of perpetual capital instruments	447,287	–	–	447,287
Non-controlling interests	2,487,838	–	9	2,487,847
	6,746,801	104	–	6,746,905

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

27. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

The effect of business combinations of entities under common control described above, on the Group's basic and dilutes earnings per share for the six months ended 30 June 2018 is as follows:

	Impact on earnings per share *RMB* (unaudited)
Reported figures before restatement	0.452
Restatement arising from business combinations of entities under common control	–
Restated	0.452

The effect of business combinations of entities under common control described above, on the Group's net profit for the six months ended 30 June 2018 is as follows:

	Net profit *RMB* (unaudited)
Reported figures before restatement	6,746,801
Restatement arising from business combinations of entities under common control	104
Restated	6,746,905

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

28. COMMITMENTS

	30 June 2019 ***RMB'000*** **(unaudited)**	31 December 2018 *RMB'000* (unaudited)
Capital expenditure of the Group contracted but not provided in the condensed consolidated interim financial information in respect of:		
– Acquisition of property, plant and equipment	**528**	524

29. CONTINGENT LIABILITIES AND LITIGATION

The Gypsum Board Litigation in the United States

References are made to the overseas regulatory announcement dated 30 May 2010 by the Company reproducing the announcement of BNBM in respect of the gypsum board in the United States and the announcements of the Company dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015, the 2014 annual report, the 2015 interim report, the 2015 third quarterly report, the 2015 annual report, the 2016 interim report, the 2016 annual report, the announcement dated 22 June 2017, the 2017 interim report, the announcement dated 22 March 2018, the 2017 annual report, the announcement dated 22 August 2018, the 2018 interim report, the announcement dated 19 March 2019, the 2018 annual report and the announcement dated 30 July 2019 setting out information on the subsequent development of the gypsum board litigation in the United States.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

29. CONTINGENT LIABILITIES AND LITIGATION (CONTINUED)

The Gypsum Board Litigation in the United States (Continued)

In March 2019, having considered factors including costs of litigation and potential impact on other gypsum board litigations to which BNBM, Taishan Gypsum Co., Ltd.* (泰山石膏有限公司) ("Taishan Gypsum") and/or Taian Taishan Plasterboard Co., Ltd.* (泰安市泰山紙面石膏板有限公司) (a wholly-owned subsidiary of Taishan Gypsum, together with Taishan Gypsum, "Taishan") are parties, BNBM and Taishan have jointly reached with no more than 498 plaintiffs (the "Plaintiffs") from the cases remanded to the Southern District Court of Florida for trial in the Amorin Case (as defined in the announcement of the Company dated 13 February 2015) and has entered into a settlement and liability exemption Agreement (the "Amorin Settlement Agreement") with the Plaintiffs. The maximum aggregate settlement amount payable by Taishan under the Amorin Settlement Agreement (and its amended agreement) is US$27,857,893.97 (subject to upward adjustment in the event of, in summary, Taishan entering into any further settlement agreement "on or before 11:59 pm EDT on 31 March 2021 with any other plaintiffs in the Amorin Case within the State of Florida who are not party or subject to the Amorin Settlement Agreement in respect of cases bearing similar characteristics (in relation to product markings) as the cases relating to the Plaintiffs" on terms significantly more favourable to the plaintiffs than the Amorin Settlement Agreement (the "Possible Adjustment")). According to the terms of the Amorin Settlement Agreement, each Plaintiff shall irrevocably and unconditionally discharge and release any and all claims against Taishan and certain of its related parties upon receiving the settlement amount in full.

Taishan intended to enter in to a collective settlement agreement (the "Settlement Agreement") with the lawyer on behalf of the settlement class. Pursuant to the Settlement Agreement, the settlement class agrees to waive and exempt completely, ultimately and permanently any and all exempted claims against Taishan and other exempted parties from the effective date of the Settlement Agreement, and undertakes not to press charges for any and all exempted claims against Taishan and other exempted parties (the "Settlement"). "Exempted claims" refers to the claims and other losses in relation to the involved Chinese gypsum boards raised by the class members against Taishan and other exempted parties. "Other exempted parties" include but are not limited to the Company and BNBM. Taishan intended to agree to pay a total of US$248 million including attorney fee for the plaintiff's litigator and the postage, but excluding the fee for publishing the class action notice by unknown class members) in the following manners as stipulated in the Settlement Agreement as the consideration for the Settlement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

29. CONTINGENT LIABILITIES AND LITIGATION (CONTINUED)

The Gypsum Board Litigation in the United States (Continued)

Since the involvement in the gypsum board litigation in the United States, the Company, BNBM and Taishan have invested a great deal of manpower and material resources. The Settlement will free them from the above class action, resolve material litigation risks, and help to significantly reduce litigation costs, save manpower and material resources as well as time and energy, which allow the Company, BNBM and Taishan to focus on their production and operating activities. The Company does not believe that the payment of the settlement amount will have any material adverse impact on the normal operation of the Company, BNBM and Taishan.

As the Settlement triggered the Possible Adjustment term in the Amorin Settlement Agreement executed by Taishan in March 2019 involving the settled plaintiff of the Amorin Case, Taishan is required to pay the settled plaintiff of the Amorin Case a sum of difference as stipulated in the Amorin Settlement Agreement, the amount of which was further reduced, due to the amendment agreements reaching not more than US$12,866,528.89. The payment of the first installment shall be no later than 21 October 2019.

Pursuant to the Settlement Agreement and the amended agreements of the Amorin Settlement Agreement, the settlement amount to be paid by Taishan will be reflected as a single amount of estimated liabilities in the financial statements of Taishan Gypsum for the six months ended 30 June 2019 in a one-off manner in accordance with relevant provisions of the applicable accounting standards, although it shall be paid in installments. Such payment is expected to exert adverse impact on net profits of Taishan Gypsum and BNBM for the six-month financial period in the consolidated financial statements of BNBM in the amount of approximately RMB1,794.3694 million.

The case of *The Mitchell Co., Inc. v. Knauf Gips KG* and any litigation against a class member who may choose to exercise his right of withdrawal under the Settlement Agreement in the futures will proceed. The Company will make further disclosure as and when necessary or appropriate based on the progress of the litigation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

30. RELATED PARTY TRANSACTIONS

In addition to those shown elsewhere in the condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the period and balances as at the end of the reporting date.

(a) Transactions with related parties:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Provision of production supplies to		
– The Parent Group	**272,098**	98,304
– Associates	**40,693**	1,606
– Joint ventures	**1,376**	–
– Non-controlling interests of subsidiaries	**21,005**	64,079
	335,172	163,989
Provision of support services to		
– The Parent Group	**2,022**	610
– Associates	**1,242**	299
– Non-controlling interests of subsidiaries	**6,029**	–
	9,293	909
Rental income received from		
– The Parent Group	**61,983**	3,063
– Associates	**973**	640
	62,956	3,703

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties: (Continued)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Rendering of engineering services to the Parent Group	**159,200**	789,811
Supply of raw materials (limestone and clay) by the Parent Group	**21,110**	61,464
Provision of production supplies by		
– The Parent Group	**180,215**	161,364
– Associates	**10,119**	20,002
– Joint ventures	**1,013**	–
– Non-controlling interests of subsidiaries	**4,195**	–
	195,542	181,366
Interest expenses paid to		
– The Parent Group	**47,114**	2,980
– Non-controlling interests of subsidiaries	**10,066**	8,880
	57,180	11,860
Provision of support services by		
– The Parent Group	**22,858**	18,165
– Non-controlling interests of subsidiaries	**4,680**	–
	27,538	18,165

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties: (Continued)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(restated)
	(unaudited)	(unaudited)
Provision of engineering services by the Parent Group	**28,428**	62,282
Interest income received from:		
– The Parent Group	**20,787**	–
– Associates	**6,744**	1,645
– Non-controlling interests of subsidiaries	**1,181**	–
	28,712	1,645
Supplying of equipment by		
– The Parent Group	**50,968**	59,470
– Non-controlling interests of subsidiaries	**675**	–
	51,643	59,470
Rental expenses paid to Non-controlling interests of subsidiaries	**9,317**	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/(to) related parties:

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated) (unaudited)
Amounts due from related parties		
Trading in nature:		
– Fellow subsidiaries	**2,052,745**	2,061,020
– Associates	**339,095**	53,756
– Joint ventures	**248**	742
– Immediate holding company	**34,800**	–
– Non-controlling interests of subsidiaries	**281,717**	269,013
	2,708,605	2,384,531
Non-trading in nature:		
– Fellow subsidiaries	**1,226,410**	1,593,876
– Associates	**305,293**	362,728
– Joint ventures	**174**	535
– Immediate holding company	**1,183**	1,031
– Non-controlling interests of subsidiaries	**517,908**	359,726
	2,050,968	2,317,896
	4,759,573	4,702,427

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from/(to) related parties: (Continued)

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (restated) (unaudited)
Amounts due to related parties		
Trading in nature:		
– Fellow subsidiaries	**601,175**	620,468
– Associates	**25,177**	21,783
– Joint ventures	**506**	214
– Non-controlling interests of subsidiaries	**30,112**	32,587
	656,970	675,052
Non-trading in nature:		
– Fellow subsidiaries	**2,398,684**	2,319,429
– Associates	**2,536**	899
– Joint ventures	**6,800**	–
– Immediate holding company	**32,626**	32,472
– Non-controlling interests of subsidiaries	**789,297**	625,141
	3,229,943	2,977,941
	3,886,913	3,652,993

The carrying amounts of amounts due from and to related parties approximate to their fair values. All amounts are unsecured and repayable on demand. The trading nature portion of amounts due from and to related parties is aged within one year.

As at 30 June 2019, amounts due from related parties of approximately RMB343.38 million (31 December 2018: approximately RMB311.93 million) carry the variable interest rate of 4.35% (31 December 2018: 4.35%) per annum. The remaining balances of amounts due from related parties are interest-free.

As at 30 June 2019, amounts due to related parties of approximately RMB2,400.97 million (31 December 2018: approximately RMB2,554.59 million) carry the fixed interest rate of 5.20% (31 December 2018: 5.20%) per annum. The remaining balances of amounts due to related parties are interest-free.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

30. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions and balances with other state-owned enterprises in the PRC

During the six months ended 30 June 2019, the Group's significant transactions with other state-owned enterprises (excluding the Parent Group) are a large portion of its sales of goods and purchases of raw materials. In addition, substantially all bank deposits, cash and cash equivalents and borrowings as of 30 June 2019 and the relevant interest earned or paid during the period are transacted with banks and other financial institutions controlled by the PRC government. In establishing its pricing strategies and approval process for its products and services, the Group does not differentiate whether the counter-party is a state-controlled enterprise. In the opinion of the directors, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

(d) Remuneration to key management

The key management personnel compensations during the six months ended 30 June 2019 are as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short-term benefits	**8,261**	6,788
Post-employment benefits	**135**	177
	8,396	6,965

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2019

31 EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of Beijing FRP Research and Design Institute Co., Ltd ("Beijing FRP Institute")

References are made to the announcements of the Company dated 31 July 2019 in relation to acquisition of Beijing FRP Institute.

On 31 July 2019, Sinoma Science & Technology Co., Ltd. ("Sinoma Science & Technology") (a directly-owned subsidiary of the Company) and China National Building Material Assets Management Corporation ("CNBM Assets Management") (an indirectly-held subsidiary of the Parent) entered into the equity transfer agreement, pursuant to which Sinoma Science & Technology agreed to purchase, and CNBM Assets Management agreed to sell, the 100% equity interest in Beijing FRP Institute (the "Acquisition"). Upon completion of the Acquisition, Beijing FRP Institute will become a wholly-owned subsidiary of Sinoma Science & Technology, and in turn become an indirectly-held subsidiary of the Company.

For details of the equity transfer agreement, please refer to the connected transaction announcement of the Company dated 31 July 2019.

32. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated interim financial information set out on pages 82 to 168 has been approved and authorised for issue by the Board of Directors on 23 August 2019.