TONVA
上海栋华

SHANGHAI TONVA PETROCHEMICAL CO., LTD.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 1103

2013
Interim Report

*For identification purposes only

HIGHLIGHTS

1. The turnover of the Group increased by approximately 45.5% from approximately RMB1,937,475,000 to approximately RMB2,818,878,000 as compared to the same period last year.

2. Profit attributable to the owners of the Company increased by approximately 67.2% from approximately RMB32,073,000 to approximately RMB53,629,000 as compared to the same period last year.

3. Interim dividend was declared at RMB0.025 (six months ended 30 June 2012: RMB0.016) per share.

This interim financial report is unaudited, but has been reviewed by the Company's Audit Committee.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Qian Wenhua – Chairman
Mo Luojiang – Chief Executive Officer
Li Hongyuan

NON-EXECUTIVE DIRECTOR

Chan Cheuk Wing Andy

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Cheuk Ming
Pan Min
Zhou Jianhao

SUPERVISORS

Zhang Liangjun
Ye Mingzhu
Bian Ji

AUDITOR

BDO Limited, *Certified Public Accountants*

REGISTERED OFFICE

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Postal code: 200080

PLACE OF BUSINESS IN HONG KONG

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COMPANY WEBSITE

www.tonva.com

COMPLIANCE OFFICER

Li Hongyuan

COMPANY SECRETARY

Lo Suet Fan

AUTHORISED REPRESENTATIVES

Li Hongyuan
Lo Suet Fan

MEMBERS OF THE AUDIT COMMITTEE

Chung Cheuk Ming *(Chairman)*
Chan Cheuk Wing Andy
Pan Min
Zhou Jianhao

MEMBERS OF THE REMUNERATION AND ASSESSMENT COMMITTEE

Zhou Jianhao *(Chairman)*
Chung Cheuk Ming
Pan Min

MEMBERS OF NOMINATION COMMITTEE

Qian Wenhua *(Chairman)*
Chung Cheuk Ming
Pan Min
Zhou Jianhao

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shop 1712-1716
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PRINCIPAL BANKERS

Bank of China
China PingAn Bank
Agricultural Bank of China
China CITIC Bank

STOCK CODE

1103

The board of Directors (the "Board") of Shanghai Tonva Petrochemical Co., Ltd. (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2013 together with comparative unaudited figures for the corresponding periods in 2012.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

	Note	For the six months ended 30 June 2013 RMB'000	2012 RMB'000
Turnover	3	**2,818,878**	1,937,475
Cost of sales		**(2,658,163)**	(1,800,659)
Gross profit		**160,715**	136,816
Other income	3	**10,915**	10,173
Distribution costs		**(5,853)**	(5,831)
Administrative expenses		**(21,582)**	(39,067)
Finance costs	5	**(49,748)**	(42,084)
Share of profit/(losses) of associates		**95**	(1,270)
Profit before income tax expense	6	**94,542**	58,737
Income tax expense	7	**(30,081)**	(19,095)
Profit for the period		**64,461**	39,642
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**(488)**	(32)
Other comprehensive income for the period, net of tax		**(488)**	(32)
Total comprehensive income for the period		**63,973**	39,610
Profit attributable to:			
– Owners of the Company		**53,629**	32,073
– Non-controlling interests		**10,832**	7,569
		64,461	39,642
Total comprehensive income attributable to:			
– Owners of the Company		**53,141**	32,041
– Non-controlling interests		**10,832**	7,569
		63,973	39,610
Basic and diluted earnings per share for profit attributable to owners of the Company during the period (Expressed in RMB per share)	8	**0.057**	0.034

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2013 Unaudited RMB'000	As at 31 December 2012 Audited RMB'000
ASSETS			
Non-current assets			
Payments for leasehold land held for own use under operating leases		17,504	17,587
Property, plant and equipment		100,587	107,254
Construction in progress		5,214	2,656
Intangible assets		148,258	148,405
Interests in associates		38,703	38,609
Available-for-sale financial assets		800	800
Trade and other receivables	11	487,449	420,575
Deferred tax assets		708	3,847
Total non-current assets		799,223	739,733
Current assets			
Inventories	10	92,995	52,572
Amounts due from customers for contract work		77,933	10,813
Trade and other receivables	11	1,609,416	1,464,807
Restricted bank deposits		115,845	195,097
Cash and cash equivalents		171,209	502,215
Total current assets		2,067,398	2,225,504
Total assets		2,866,621	2,965,237

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Note	As at 30 June 2013 Unaudited RMB'000	As at 31 December 2012 Audited RMB'000
LIABILITIES			
Current liabilities			
Trade and other payables	12	782,305	843,059
Amounts due to customers for contract work		58,384	48,903
Borrowings	13	1,151,333	1,235,000
Current tax liabilities		38,904	25,012
Total current liabilities		2,030,926	2,151,974
Net current assets		36,472	73,530
Total assets less current liabilities		835,695	813,263
Non-current liabilities			
Deferred tax liabilities		11,311	11,311
Total non-current liabilities		11,311	11,311
Total liabilities		2,042,237	2,163,285
NET ASSETS		824,384	801,952
Capital and reserves attributable to owners of the Company			
Share capital		93,619	93,619
Reserves		609,337	590,687
Equity attributable to owners of the Company		702,956	684,306
Non-controlling interests		121,428	117,646
TOTAL EQUITY		824,384	801,952

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to owners of the Company							
	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000	Other reserve RMB'000	Currency translation reserve RMB'000	Retained earnings RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2012 (audited)	93,619	221,766	58,917	17,912	(6,456)	212,830	92,624	691,212
Profit for the period	–	–	–	–	–	32,073	7,569	39,642
Other comprehensive income	–	–	–	–	(32)	–	–	(32)
Total comprehensive income	–	–	–	–	(32)	32,073	7,569	39,610
Balance at 30 June 2012 (unaudited)	93,619	221,766	58,917	17,912	(6,488)	244,903	100,193	730,822
Balance at 1 January 2013 (audited)	93,619	221,766	77,206	17,912	(7,037)	280,840	117,646	801,952
Other comprehensive income	–	–	–	–	(488)	–	–	(488)
Profit for the period	–	–	–	–	–	53,629	10,832	64,461
Total comprehensive income	–	–	–	–	(488)	53,629	10,832	63,973
Dividends paid to non-controlling interests	–	–	–	–	–	–	(5,837)	(5,837)
Acquisition of additional equity interests in a subsidiary*	–	–	–	–	–	(788)	(1,213)	(2,001)
2012 final dividend declared**	–	–	–	–	–	(33,703)	–	(33,703)
Balance at 30 June 2013 (unaudited)	93,619	221,766	77,206	17,912	(7,525)	299,978	121,428	824,384

* During the six months ended 30 June 2013, the Group acquired additional 0.53% equity interests in Nantong Road and Bridge Engineering Co., Ltd. from its non-controlling interests.

** The payment of final dividend for 2012 has been approved by the shareholders in the AGM held on 6 June 2013 and is payable on or before 30 September 2013. The declared dividend is therefore recognised as a dividend payable in the financial statement for the six months ended 30 June 2013.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Net cash used in operating activities	**(125,406)**	(192,022)
Net cash from investing activities	**75,443**	30,932
Net cash (used in)/from financing activities	**(281,043)**	245,841
Net (decrease)/increase in cash and cash equivalents	**(331,006)**	84,751
Cash and cash equivalents at beginning of the period	**502,215**	218,545
Cash and cash equivalents at end of the period	**171,209**	303,296

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") No. 34 – Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies adopted in preparing the interim financial statements for the six months ended 30 June 2013 are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2012, except for those accounting policy changes that are expected to be reflected in the 2013 annual financial statements as described in note 2.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued the following new or revised HKFRSs which are first effective for the current accounting period of the Group.

Amendments HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendment to HKFRS 1	Government Loan
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entitles
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

In the current interim period, the Group has adopted, for the first time, certain new HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period. The impact of the application of these standards that is relevant to the Group is set out below:

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions. The adoption of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the interim financial statements as a result of adoption HKFRS 12.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively. The adoption of HKFRS 13 does not have any significant impact on the fair value measurements of the Group's assets and liabilities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 as part of the Annual Improvements to HKFRSs 2009–2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Details of total assets and total liabilities for each of the reportable segments are set out in Note 4.

The application of the other new HKFRSs will have no material impact on the financial performance and the financial position of the Group.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these new and revised HKFRSs and the directors so far concluded that they are not yet in a position to quantity the effects on the Group's financial statements.

3. TURNOVER AND OTHER INCOME

Turnover represents the income from road and bridge construction, sales of fuel oil and asphalt and income from logistic services net of taxes, discounts, returns and allowances, where applicable and after eliminating sales with the Group.

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Turnover:		
Road and bridge constructions	**312,162**	328,843
Sales of fuel oil	**2,291,891**	1,405,950
Sales of asphalt	**203,300**	179,067
Logistic services	**11,525**	23,615
	2,818,878	1,937,475
Other income:		
Government grants	**1,022**	273
Interest income	**3,619**	282
Others	**6,274**	9,618
	10,915	10,173
Total revenues:	**2,829,793**	1,947,648

4. SEGMENT INFORMATION

(a) Primary reporting format – business segments

At 30 June 2013, the Group is organised into four main business segments:

(1) Road and bridge construction;

(2) Sales of fuel oil;

(3) Sales of asphalt; and

(4) Provision of logistic services.

The segment results for the six months ended 30 June 2013 are as follows:

	Road and bridge construction RMB'000	Sales of fuel oil RMB'000	Sales of asphalt RMB'000	Logistic services RMB'000	Total RMB'000
Total segment revenue	312,162	2,291,891	203,328	11,597	2,818,978
Inter-segment revenue	–	–	(28)	(72)	(100)
Reportable segment revenue from external customers	312,162	2,291,891	203,300	11,525	2,818,878
Reportable segment profit	75,392	63,957	4,213	633	144,195
Finance costs					(49,748)
Share of profit of associates	–	–	16	79	95
Profit before income tax expense					94,542
Income tax expense					(30,081)
Profit for the period					64,461

4. SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format – business segments *(Continued)*

The segment results for the six months ended 30 June 2012 are as follows:

	Road and bridge construction RMB'000	Sales of fuel oil RMB'000	Sales of asphalt RMB'000	Logistic services RMB'000	Total RMB'000
Total segment revenue	328,843	1,405,950	179,818	23,643	1,938,254
Inter-segment revenue	–	–	(751)	(28)	(779)
Reportable segment revenue from external customers	328,843	1,405,950	179,067	23,615	1,937,475
Reportable segment profit/(loss)	53,839	51,151	5,175	(8,074)	102,091
Finance costs					(42,084)
Share of losses of associates	–	–	(590)	(680)	(1,270)
Profit before income tax expense					58,737
Income tax expense					(19,095)
Profit for the period					39,642

Other segment items included in the consolidated statement of profit or loss and other comprehensive income are as follows:

	Six months ended 30 June 2013					Six months ended 30 June 2012				
	Road and bridge construction RMB'000	Sales of fuel oil RMB'000	Sales of asphalt RMB'000	Logistic services RMB'000	Total RMB'000	Road and bridge construction RMB'000	Sales of fuel oil RMB'000	Sales of asphalt RMB'000	Logistic services RMB'000	Total RMB'000
Depreciation	1,446	2,261	547	1,871	6,125	1,446	70	8,954	1,341	11,811
Amortisation	119	28	–	–	147	8	–	28	–	36

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

4. SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format – business segments *(Continued)*

Segment assets consist primarily of property, plant and equipment, interests in associates, inventories, trade and other receivables, cash and cash equivalents, available-for-sale financial assets and deferred tax assets.

Segment liabilities comprise operating liabilities, such as current tax liabilities and borrowings.

The segment assets and liabilities at 30 June 2013 as follows:

	Road and bridge construction RMB'000	Sales of fuel oil RMB'000	Sales of asphalt RMB'000	Logistic services RMB'000	Total RMB'000
Total assets	**1,465,167**	**1,015,563**	**333,932**	**51,959**	**2,866,621**
Total liabilities	**1,050,627**	**804,143**	**186,056**	**1,411**	**2,042,237**

The segment assets and liabilities at 31 December 2012 as follows:

	Road and bridge construction RMB'000	Sales of fuel oil RMB'000	Sales of asphalt RMB'000	Logistic services RMB'000	Total RMB'000
Total assets	1,809,742	668,564	430,744	56,187	2,965,237
Total liabilities	1,422,985	567,211	171,934	1,155	2,163,285

(b) Secondary reporting format – geographical segments

No geographical segment information is presented as substantially all sales are derived from customers located in the PRC and substantially all the Group's non-current assets are located in the PRC, which is considered as one geographic location with similar risks and returns.

5. FINANCE COSTS

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Interest on bank loans	**49,748**	42,084

6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**6,124**	11,811
Staff costs	**16,377**	17,656
Cost of inventories recognised as expenses	**2,398,229**	1,515,514
Operating lease rental expenses in respect of		
– Land and buildings	**3,331**	3,701
– Transportation facilities	**–**	1,000
Reversal of impairment loss on trade and other receivables, net	**(13,492)**	(8,013)

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
PRC enterprise income tax	**30,081**	19,095
Hong Kong profits tax	**–**	–
	30,081	19,095

Profits of all subsidiaries established in the PRC are subject to Enterprise Income Tax at 25% (six months ended 30 June 2012: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (six months ended 30 June 2012: 16.5%).

8. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB53,629,000 (six months ended 30 June 2012: RMB32,073,000) by the weighted average number of ordinary shares in issue throughout the period of 936,190,000 shares (six months ended 30 June 2012: 936,190,000 shares).

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2013 and 2012.

9. INTERIM DIVIDEND

The Board resolved to declare an interim dividend of RMB0.025 per ordinary share for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB0.016).

The interim dividend has not been recognised as a liability at the end of the reporting period.

In accordance with the proposed share consolidation as disclosed in the announcements dated 10 October 2012, 27 December 2012 and 10 April 2013 and the circular dated 9 November 2012 issued by the Company, every ten ordinary shares of RMB0.10 each in the share capital of the Company will be consolidated into one consolidated share of RMB1.00 each after the approval by the relevant regulatory authorities in the PRC. Assuming the proposed share consolidation takes effect prior to the record date for the interim dividend of the Company, the interim dividend will be RMB0.25 per share of the Company amounting in total to approximately RMB23,405,000 on the basis that no further shares will be issued or repurchased prior to the record date for interim dividend. Otherwise the final dividend will be RMB0.025 per share of the Company with the total dividend payable remaining the same.

10. INVENTORIES

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Asphalt for resale	**48,156**	20,255
Fuel oil for resale	**5,546**	1,795
Asphalt for construction	**–**	3,669
Other construction materials	**39,293**	26,853
	92,995	52,572

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Trade receivables	**1,687,303**	1,257,178
Commercial notes receivable	**33,536**	89,225
Retention sum for construction contracts	**259,783**	328,559
	1,980,622	1,674,962
Prepayments and deposits	**102,740**	213,943
Other receivables	**96,336**	87,257
Amounts due from associates	**323**	5,868
Less: Impairment losses	**(83,156)**	(96,648)
	2,096,865	1,885,382
Classified as:		
Non-current assets	**487,449**	420,575
Current assets	**1,609,416**	1,464,807
	2,096,865	1,885,382

11. TRADE AND OTHER RECEIVABLES *(Continued)*

The ageing analysis of trade and notes receivables based on invoice date and before impairment loss is as follows:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Petrochemical product supply chain service business *(note (a))*		
Less than 31 days	**341,634**	362,529
31 to 60 days	**199,657**	100,386
61 to 90 days	**188,820**	78,260
91 days to less than 1 year	**238,100**	58,952
1 year to less than 2 years	**19,648**	6,399
2 years to less than 3 years	**11,227**	17,457
Over 3 years	**5,346**	5,635
	1,004,432	629,618
Road and bridge construction *(note (b))*		
Less than 6 months	**645,947**	664,129
6 months to less than 1 year	**158,604**	96,235
1 year to less than 2 years	**95,561**	134,822
2 years to less than 3 years	**45,966**	136,766
Over 3 years	**30,112**	13,392
	976,190	1,045,344
Total	**1,980,622**	1,674,962

Notes:

(a) For petrochemical product supply chain service business, the credit terms granted to individual customer vary on a customer by customer basis which is determined by management with reference to the creditability of respective customer. Normally the general credit period is ranging from 0 to 180 days.

(b) Substantially all customers of road and bridge construction are PRC government agencies. Settlement of its trade receivables is made in accordance with the terms specified in the contracts with the customers. Normally the general credit period is ranging from 0 day to 3 years.

12. TRADE AND OTHER PAYABLES

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Trade payables	366,184	367,927
Notes payable	206,924	373,728
	573,108	741,655
Amount due to an associate	–	1,777
Deposits received	54,025	26,526
Other payables	121,469	62,620
Accruals	33,703	10,481
	209,197	101,404
Total	782,305	843,059

The ageing analysis of trade payables is as follows:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Petrochemical product supply chain service business		
Less than 31 days	92,707	6,736
31 to 60 days	162,613	132,541
61 to 90 days	2	54,137
91 days to less than 1 year	42,628	49,405
1 year to less than 2 years	6,685	18
2 year to less than 3 years	907	1,010
Over 3 years	81	214
	305,623	244,061
Road and bridge construction		
Less than 6 months	236,986	432,120
6 months to less than 1 year	2,398	10,549
1 year to less than 2 years	16,804	22,544
2 years to less than 3 years	833	7,698
Over 3 years	10,464	24,683
	267,485	497,594
Total	573,108	741,655

13. BORROWINGS

		As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Secured	– interest bearing loans	**120,000**	100,000
Unsecured	– interest bearing loans	**1,031,333**	1,135,000
		1,151,333	1,235,000

At 30 June 2013 and 31 December 2012, total borrowings of the Group were repayable as follows:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
On demand or within one year included in current liabilities	**1,151,333**	1,235,000
More than one year, but not exceeding two years	**–**	–
	1,151,333	1,235,000

14. DISPOSAL OF A SUBSIDIARY

During the year ended 30 June 2013, the Group liquidated one wholly-owned subsidiary, 武漢神隆物流有限公司 (Wuhan Shenlong logistics Company Limited).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

In the first half of 2013, despite the domestic economy was still volatile and no significant improvement in the market environment, the Group achieved significant growth in business and profit during the period as a result of our efforts to promote development of the core businesses and explore new high quality projects, as well as ongoing optimisation of internal resource structure and enhancement of our information management system. For the six months ended 30 June 2013, the Group recorded a consolidated turnover, consolidated gross profit and consolidated profit attributable to the owners of the Company of approximately RMB2,818,878,000, RMB160,715,000 and RMB53,629,000 respectively, representing an increase of approximately 45.5%, 17.5% and 67.2% when compared with the corresponding period of last year. The road and bridge construction business of the Group proactively carried out market expansion and secured a number of new project contracts, providing stable momentum to boost the overall profit growth of the Group in the future. Meanwhile, the Group strengthened internal operation and governance to improve internal management efficiency and reduce operating costs. Turnover of the Group's road and bridge construction business for the period was approximately RMB312,162,000, representing a slight decrease of approximately 5.1% as compared with the corresponding period of last year, and gross profit amounted to approximately RMB61,639,000, down by 3.3% on a year-on-year basis. The fuel oil trading business of the Group continued to grow at a rapid pace, the profit of the Company further improved with expansion and optimisation of product offerings and market share. In the first half of 2013, turnover of the fuel oil trading business amounted to approximately RMB2,291,891,000, representing a surge of 63.0% when compared with the corresponding period of last year, while gross profit recorded a year-on-year increase of 62.7% to RMB88,351,000.

Business Operations

The Group is principally engaged in road and bridge construction and petrochemical product supply chain services. The road and bridge construction business mainly includes construction and maintenance of roads and bridges, undertaking projects in Jiangsu, Hunan, Anhui, Sichuan and other provinces. The petrochemical product supply chain service mainly comprises fuel oil trading, asphalt trading and logistics business. Fully leveraging on its extensive experiences and market advantages in road and bridge construction, coupled with the one-stop petrochemical product supply chain business, the Company achieved significant synergies among various business segments, reducing the overall operating costs and at the same time continuously providing the Company with momentum for business expansion and profit improvement in various fields.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Road and Bridge Construction Business

For the six months ended 30 June 2013, turnover of the Group's road and bridge construction business was approximately RMB312,162,000 (six months ended 30 June 2012: approximately RMB328,843,000), slight decrease of approximately 5.1% from the corresponding period of last year, mainly due to the difference in concentration of completion schedules of construction projects. The turnover from the road and bridge construction business accounted for approximately 11.1% of the Group's total turnover.

During the period, gross profit of the Group's road and bridge construction business was approximately RMB61,639,000 (six months ended 30 June 2012: approximately RMB63,715,000), slight decrease of approximately 3.3% from the corresponding period of last year, and the gross margin was approximately 19.7% (six months ended 30 June 2012: approximately 19.4%), substantially the same as that of last year.

In the first half of 2013, with the overall slowdown in the development of the industry, the road and bridge construction business of the Group shifted its focus from the first-tier cities which had a slowed business growth to the second- and third-tier cities, and has achieved a satisfactory record of bid winning. Given the current overall sluggish domestic economy, the Company would take into consideration both the gross profit of the projects and the payment ability of the counterparties when undertaking large projects. For business expansion, the Yangtze River Delta region where the government has a strong financial position would be our priority for submitting tenders and undertaking project construction, so as to expand our business market and achieve maximum optimisation of projects and customer resources of the Company.

As at 30 June 2013, for road and bridge construction business, bid-winning construction contracts on hand with revenue not yet recognised amounted to approximately RMB883,000,000, most of which are estimated to be completed and recognised as revenue within the next three to twelve months.

Petrochemical Product Supply Chain Service Business

The petrochemical product supply chain service business of the Company provides one-stop integrated services including purchase, storage and transportation for customers based on its extensive product range and well-established logistics service system, covering fuel oil trading, asphalt trading and logistics business. The Group has established extensive footholds in domestic markets, including Shanghai, Jiangsu, Jiangxi, Anhui, Zhejiang, Hubei and Henan. Turnover from the petrochemical product supply chain service business for the six months ended 30 June 2013 was approximately RMB2,506,716,000 (six months ended 30 June 2012: approximately RMB1,608,632,000), accounting for approximately 88.9% of the Group's total turnover. The detailed composition of this business arm is as follows:

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Fuel Oil Trading Business

For the six months ended 30 June 2013, turnover of the Group's fuel oil trading business was approximately RMB2,291,891,000 (six months ended 30 June 2012: approximately RMB1,405,950,000), representing an increase of approximately 63.0% over the corresponding period of last year and accounting for approximately 81.3% of the Group's total turnover.

For the six months ended 30 June 2013, gross profit of the Group's fuel oil trading business was approximately RMB88,351,000 (six months ended 30 June 2012: approximately RMB54,316,000), an increase of approximately 62.7% over the corresponding period of last year, with a gross margin of approximately 3.9%, substantially the same as that of the corresponding period of last year.

The significant increase in turnover and gross profit was mainly attributable to the development of several types of products with broad market prospect and stable demands after years of market development which led to gradual expansion of customer base and earned the Group a strong market position.

Asphalt Trading Business

For the six months ended 30 June 2013, turnover of the Group's asphalt trading business was approximately RMB203,300,000 (six months ended 30 June 2012: approximately RMB179,067,000), representing an increase of approximately 13.5% over the corresponding period of last year and accounting for approximately 7.2% of the Group's total turnover.

For the six months ended 30 June 2013, gross profit of the Group's asphalt trading business was approximately RMB8,611,000 (six months ended 30 June 2012: approximately RMB15,187,000), representing a decrease of approximately 43.3% over the corresponding period of last year.

Gross margin of the asphalt trading business decreased from approximately 8.5% in the corresponding period of last year to 4.2% in the reporting period. The decrease in gross profit and gross margin was mainly due to the increasingly intensified market competition of the asphalt industry and the declining price of asphalt during the first half of the year which led to a decrease in the average gross margin for the sales of some inventories.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Logistics Business

Logistics business of the Group mainly comprises the storage and transportation of asphalt and fuel oil, the provision of auxiliary logistics services to the fuel oil and asphalt trading businesses of the Group as well as one-stop supply chain services to its customers and the improvement of the value-addedness of products. For the six months ended 30 June 2013, turnover of the Group's logistics business was approximately RMB11,525,000 (six months ended 30 June 2012: approximately RMB23,615,000), representing a decrease of approximately 51.2% from the corresponding period of last year. The decrease in the turnover was mainly attributable to the shrinkage in the scale of the logistics business resulting from the decrease in inventory of asphalt and fuel oil in order to control operating risk. Meanwhile, the Group disposed of some low-efficiency shipping equipments in the previous years due to the sluggish shipping industry, resulting in decrease in the turnover.

Other Income

For the six months ended 30 June 2013, the Group's other revenue was approximately RMB10,915,000 (six months ended 30 June 2012: approximately RMB10,173,000). Other income was comprised of a compensation collected by road and bridge construction business segment for the overruns of previous projects and the tax refund received by some subsidiaries.

Distribution Costs

For the six months ended 30 June 2013, the Group's distribution costs were approximately RMB5,853,000 (six months ended 30 June 2012: approximately RMB5,831,000), substantially the same as that of the corresponding period of last year.

Administrative Expenses

For the six months ended 30 June 2013, administrative expenses of the Group were approximately RMB21,582,000 (six months ended 30 June 2012: approximately RMB39,067,000). The decrease in administrative expenses was mainly due to the stepped-up efforts of road and bridge construction business segment to collect construction work payment, in particular aged receivables, reversing a large amount of provisions for bad debts.

Profit Attributable to Owners of the Company

For the six months ended 30 June 2013, the profit attributable to owners of the Company was approximately RMB53,629,000 (six months ended 30 June 2012: approximately RMB32,073,000), representing an increase of approximately 67.2% when compared with the corresponding period of last year. The basic and diluted earnings per share attributable to owners of the Company during the period were RMB0.057 (six months ended 30 June 2012: approximately RMB0.034), representing an increase of approximately 67.6% when compared with the corresponding period of last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 30 June 2013, the Group had total assets less current liabilities of approximately RMB835,695,000 (as at 31 December 2012: approximately RMB813,263,000), including non-current assets of approximately RMB799,223,000 (as at 31 December 2012: approximately RMB739,733,000) and net current assets approximately RMB36,472,000 (as at 31 December 2012: approximately RMB73,530,000).

Liquidity and Financial Resources

As at 30 June 2013 and 31 December 2012, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB287,054,000 and RMB697,312,000 respectively.

As at 30 June 2013 and 31 December 2012, the total bank loans of the Group amounted to approximately RMB1,151,333,000 and RMB1,235,000,000 respectively.

As at 30 June 2013 and 31 December 2012, the respective debt-to-asset ratios were approximately 71.24% and 72.95%, which were calculated as the percentage of total liabilities to total assets.

Foreign Currency Exposure

The Group's trade receivables were denominated in Renminbi while domestic and foreign purchases were either denominated in Renminbi or United States Dollars. As such, the Group does not have significant foreign currency exchange exposures for the time being. The management of the Group considers that no hedging or other relevant measure is necessary currently, but will closely monitor the fluctuation of the exchange rates of the relevant foreign currencies against Renminbi.

Charges of Assets

As at 30 June 2013, property, plant and equipment with a net book value of approximately RMB25,615,000 (31 December 2012: approximately RMB13,144,000) were pledged as security for the Group's bank borrowings.

As at 30 June 2013, no trade receivables (31 December 2012: RMB58,000,000) were pledged as security for the Group's bank borrowings.

Employee Information

As at 30 June 2013, the Group had 461 employees. During the period under review, total employee remuneration (including directors' remuneration and mandatory provident fund contributions) amounted to approximately RMB16,377,000 (six months ended 30 June 2012: approximately RMB17,656,000). Employees' remuneration is determined by reference to industry practice as well as the performance and qualifications of the staff.

PROSPECTS

For the second half of the year, with the gradual recovery of the global economy, the domestic economy is still undergoing a period of adjustment after rapid development. With "soft landing" and "steady growth" being the primary aims of the national economic policy, the economy will continue to maintain a stable development. Keeping abreast with the economic development, the Group will reorganise its own resources and business when the economy enters the "steady growth" stage, so as to get prepared for the next round of business expansion. As the relevant government authorities will gradually introduce policies to guide the healthy and stable development of capital flows in the second half of the year, the financing costs for the small and medium enterprises are expected to further decrease. Meanwhile, the strategy of the national policy to promote the transfer of investments to the real economy will pay off in the second half of the year, which will further propel the future development of the Group.

The Group will strive to achieve growth and development in the following business segments.

On road and bridge construction business, the satisfactory bidding results this year are expected to bring promising gains to the Group in the second half of the year. Meanwhile, based on its current business development, the Group will sort out its existing premier customers, collect trade receivables and optimise internal financial and information systems, so as to further consolidate corporate resources, reduce operating costs and lay a solid foundation for the long-term healthy development of the Group.

As to the petrochemical product supply chain service business, the Group will continue to utilize the advantages of "one-stop" integrated service management and make full use of the synergies of its existing businesses, with an aim to maintain positive profit growth momentum. In the second half of the year, the Company will spare no efforts to establish excellent cooperation relationship with premier customers and further deepen cooperation projects, so as to achieve optimisation of customer resources and secure stable increase in market share. On the fuel oil trading business, the Company will continue to enrich the types of fuel oil products and launch a new round of efforts to explore the market and broaden the customer base, while focusing on our existing key quality customers, so as to gradually expand the business scale and improve the market competitiveness of our fuel oil trading business.

Looking ahead, as the domestic economy will continue to consolidate, the Company will take proactive initiatives to optimise allocation of internal resources in response to policy development. The Group will continue to optimise and integrate various business segments, in order to maximise the synergies of various business segments and achieve stable growth in its overall profitability.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2013, the interests or short positions of the Directors, chief executives and supervisors of the Company (the "Supervisors") in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required, (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position in the shares of the Company:

		Number of shares				
Name of Directors	Capacity	Personal interest	Family interest	Total long position	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the registered share capital of the Company
Qian Wenhua ("Mr. Qian") (Executive Director)	Beneficial owner	260,706,000 (domestic shares)	854,000 *(Note)* (domestic shares)	261,560,000	54.49	27.94
Li Hongyuan (Executive Director)	Beneficial owner	50,254,000 (domestic shares)	–	50,254,000	10.47	5.37

Note: The 854,000 shares are held by Ms. Liu Huiping, the wife of Mr. Qian, and such shares are deemed to be family interests held by Mr. Qian pursuant to the SFO.

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

At 30 June 2013, the persons or company (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under section 336 of the SFO and who were directly and/or indirectly deem to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

		Number of shares					
Name of Persons	Capacity	Personal interest	Family interest	Total long position	Total short position	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the registered share capital of the Company
Liu Huiping ("Ms. Liu") *(Note 1)*	Beneficial owner	854,000 (domestic shares)	260,706,000 *(Note 1)* (domestic shares)	261,560,000	–	54.49	27.94
Yao Peie	Beneficial owner	34,546,000 (domestic shares)	–	34,546,000	–	7.20	3.69
Simosa Oil Co., Ltd (中塑油品股份有限公司)	Beneficial owner	38,498,460 (H shares)	–	38,498,460	–	8.44	4.11
Credit Agricole Securities Asia B.V. (formerly known as Calyon Capital Markets Asia B.V.)	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
Credit Agricole Corporate and Investment Bank (formerly known as Calyon S.A.)	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Name of Persons	Capacity	Number of shares: Personal interest	Family interest	Total long position	Total short position	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the registered share capital of the Company
CLSA B.V.	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
CLSA Capital Partners Limited (formerly known as CLSA Funds Limited)	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
CLSA Private Equity Management Limited	Investment manager	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
Credit Agricole S.A.	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
SAS Rue la Boetie	Interest in a controlled corporation	175,000,000 (H shares)	–	175,000,000 *(Note 2)*	–	38.36	18.69
Aria Investment Partners III, L.P. ("Aria III")	Interest in a controlled corporation	140,000,000 (H shares)	–	140,000,000 *(Note 2)*	–	30.69	14.95
Babylon Limited	Beneficial owner	140,000,000 (H shares)	–	140,000,000 *(Note 2)*	–	30.69	14.95
Aria Investment Partners II, L.P. ("Aria II")	Interest in a controlled corporation	35,000,000 (H shares)	–	35,000,000 *(Note 2)*	–	7.67	3.74
Mumiya Limited	Beneficial owner	35,000,000 (H shares)	–	35,000,000 *(Note 2)*	–	7.67	3.74

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Note 1: Ms. Liu, being the wife of Mr. Qian, is deemed to be interested in the 260,706,000 shares held by Mr. Qian pursuant to the SFO.

Note 2: Mumiya Limited and Babylon Limited hold 35,000,000 and 140,000,000 H shares of the Company respectively. As Aria II controls more than one-third of the voting power at general meetings of Mumiya Limited, Aria II is deemed to be interested in 35,000,000 H shares held by Mumiya Limited pursuant to the SFO. Aria III controls more than one-third of the voting power at general meetings of Babylon Limited and is thus deemed to be interested in 140,000,000 H shares held by Babylon Limited pursuant to the SFO. As CLSA Private Equity Management Ltd. is the investment manager of Aria II and Aria III, it is deemed to be interested in the 175,000,000 H shares in aggregate pursuant to the SFO. SAS Rue la Boetie controls more than one-third of the voting power at the general meetings of Credit Agricole S.A., which in turn controls more than one-third of the voting power at general meetings of Credit Agricole Corporate and Investment Bank (formerly known as Calyon S.A.), which in turn controls more than one-third of the voting power at general meetings of Credit Agricole Securities Asia B.V. (formerly known as Calyon Capital Markets Asia B.V.), which in turn controls more than one-third of the voting power at general meetings of CLSA B.V., which in turn controls more than one-third of the voting power at general meetings of CLSA Capital Partners Limited, which in turn controls more than one-third of the voting power at general meetings of CLSA Private Equity Management Ltd. Therefore, SAS Rue la Boetie, Credit Agricole S.A., Credit Agricole Corporate and Investment Bank, Credit Agricole Securities Asia B.V., CLSA B.V. and CLSA Capital Partners Limited are deemed to be interested in the 175,000,000 H shares in aggregate pursuant to the SFO.

Directors' and Supervisors' right to acquire shares or debentures

None of the Directors and Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the period ended 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Following a specific enquiry, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

An audit committee ("Audit Committee") was formed in 2005 to review and supervise the financial reporting process and internal controls of the Company. The Audit Committee consists of three independent non-executive Directors, Mr. Chung Cheuk Ming, Ms. Pan Man and Mr. Zhou Jianhao and one non-executive Director, Mr. Chan Cheuk Wing Andy. Mr. Chung Cheuk Ming is the chairman of the Audit Committee.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 have been reviewed by the Audit Committee with no disagreement.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS' INTEREST IN A COMPETING BUSINESS

None of the Directors or the management shareholders and their respective associates had an interest in a business which competes or may compete with the business of the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance and business ethics. The Company recognizes that sound and effective corporate governance practices are fundamental for maintaining and promoting investors' confidence and maximizing shareholders' wealth.

Throughout the six months ended 30 June 2013, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except those disclosed below:

Chairman and Chief Executive Officer (CG Code provision A.2.1)

Under the code provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. Mr. Qian Wenhua ("Mr. Qian") assumed the roles of both the chairman and CEO of the Company, until the appointment of Mr. Mo Luojiang ("Mr. Mo") as the CEO on 7 May 2013.

CHANGE IN INFORMATION OF DIRECTORS PURSUANT TO 13.51(B)(1)

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors required to be disclosed are shown as follows:

1. Mr. Lu Yong passed away on 26 March 2013 and ceased to be the Director.

2. Mr. Qian Wenhua ceased to be the CEO with effect from 7 May 2013. He was also appointed as a director of certain subsidiaries of the Company during the reporting period.

3. Mr. Mo Luojiang was appointed as the CEO on 7 May 2013 and as the executive Director on 6 June 2013. He was also appointed as a director of certain subsidiaries of the Company during the reporting period.

Saved as disclosed above, the Company is not aware of other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

DIVIDEND

The Board has resolved to declare an interim dividend of RMB0.025 per share (six months ended 30 June 2012: RMB0.016) amounting to a total of approximately RMB23,405,000 for six months ended 30 June 2013 (six months ended 30 June 2012: RMB14,979,000) on the basis that no further shares will be issued or repurchased prior to the Record Date (defined below). The interim dividend is proposed to be payable on or before 31 December 2013 to shareholders whose names appear on the register of members of the Company on 17 September 2013 (the "Record Date").

In accordance with the proposed share consolidation as disclosed in the announcements dated 10 October 2012, 27 December 2012 and 10 April 2013 and the circular dated 9 November 2012 issued by the Company, every ten ordinary shares of RMB0.10 each in the share capital of the Company will be consolidated into one consolidated share of RMB1.00 each after the approval by the relevant regulatory authorities in the PRC. Assuming the proposed share consolidation takes effect prior to the Record Date, the interim dividend will be RMB0.25 per share of the Company, otherwise the final dividend will be RMB0.025 per share of the Company.

DISTRIBUTION OF INTERIM DIVIDEND

According to the Articles of Association of the Company, dividends will be denominated and declared in Renminbi. Dividend payable to holders of the domestic shares of the Company will be made and paid in Renminbi, whereas dividend payable to holders of the H shares of the Company is declared in Renminbi but paid in Hong Kong dollars. The exchange rate is the average middle exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of the interim dividends on 27 August 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 September 2013 to 17 September 2013, both days inclusive, for the purpose of determining shareholders' entitlements to the interim dividend. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 10 September 2013.

APPRECIATION

Finally, I wish to express my gratitude to the Board members, the management and the staff of the Group for their industrious performance and dedication during the past half year, and to the shareholders, suppliers and customers for their continuous support for the Group.

By Order of the Board
Shanghai Tonva Petrochemical Co., Ltd.
Qian Wenhua
Chairman

Shanghai, the PRC, 27 August 2013