



DONGWU CEMENT INTERNATIONAL LIMITED

東吳水泥國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 695



Interim Report **2014**

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DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the following meanings:

associated corporation(s)	has the meaning ascribed to it under the SFO
associate(s)	has the meaning ascribed to it under the Listing Rules
Audit committee	the audit committee of the Company
Board	the board of Directors
Company	Dongwu Cement International Limited (東吳水泥國際有限公司)
Directors	the director(s) of the Company
Concord	Concord Ocean Ltd, a substantial shareholder of the Company, wholly-owned by Mr. Jin Chungen, an executive Director
Corporate Governance Code	the Corporate Governance Code contained in Appendix 14 of the Listing Rules
controlling shareholder(s)	has the meaning ascribed to it under the Listing Rules
Goldview	Goldview Development Limited, a controlling shareholder and an associated corporation of the Company, wholly-owned by Mr. Tseung Hok Ming, a non-executive Director
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
IPO	the initial public offering of the Shares by the Company on 13 June 2012

Latest Practicable Date	1 September 2014
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
PRC or China	The People's Republic of China, which only for the purpose of this report, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Prospectus	the prospectus of the Company dated 1 June 2012 in relation to its IPO
RMB or Renminbi	Renminbi, the lawful currency of the PRC
Reporting Period	the six months ended 30 June 2014
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shares	shares of the Company in issue, all of which are listed on the Stock Exchange
Suzhou Dongwu	Suzhou Dongwu Cement Co. Ltd, a limited company incorporated in the PRC on 5 June 2003 a wholly-owned subsidiary of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
substantial shareholder(s)	has the meaning ascribed to it under the Listing Rules
%	per cent

CORPORATE INFORMATION

Board of Directors

Executive Directors

Xie Yingxia (*Chairman*)

Jin Chungun

Non-executive Director

Tseung Hok Ming

Yang Bin

Independent non-executive Directors

Cao Guoqi

Cao Kuangyu

Lee Ho Yiu Thomas

Company Secretary

Sun Xin

Auditor

PricewaterhouseCoopers

22/F, Prince's Building, Central

Hong Kong

Authorized Representatives

Yang Bin

Sun Xin

Audit Committee

Lee Ho Yiu Thomas (*Chairman*)

Cao Guoqi

Cao Kuangyu

Remuneration Committee

Cao Guoqi (*Chairman*)

Cao Kuangyu

Lee Ho Yiu Thomas

Nomination Committee

Cao Guoqi (*Chairman*)

Cao Kuangyu

Lee Ho Yiu Thomas

Stock Code

695

Registered office

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business in PRC

Lili Town, Wujiang District, Suzhou

Jiangsu Province, PRC

Principal place of business in Hong Kong

Unit 8505B-06A, Level 85

International Commerce Centre

1 Austin Road West

Kowloon, Hong Kong

Share Registrar

Computershare Hong Kong Investor
Services Limited
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Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Hong Kong Legal Advisor

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Company Website

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MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

From January to June 2014, major macro economic indicators have shown signs of stable increase in China's economy. During the Reporting Period, the GDP recorded a growth of 7.4%, slightly shy of the growth rate of 7.6% recorded during the corresponding period last year, whereas the fixed asset investment recorded a nominal growth of 17.3%, a modest drop compared to 20.1% of the corresponding period last year. (Source: PRC National Statistics Bureau)

From January to June 2014, the domestic cement production posted a growth of 3.58% to 1.144 billion tonnes, representing a decrease of approximately 63% as compared with the corresponding period last year. Whereas the price of cement dropped tremendously in 2014, the average price of cement from January to June in 2014 has slightly increased compared with the corresponding period last year, mainly because of a rapid growth in price during the fourth quarter of 2013. Meanwhile attribute to the decrease in the price of coal, it has a positive impact to the cost of cement production. Both the gross profit margin and net profit margin of cement industry increased in the first half of 2014 compared with the corresponding period of 2013. (Source: Digital Cement Net)

The Group belongs to the market in the eastern region. The price of cement continuously decreased from January to June 2014. Based on the price in the provincial cities (Nanjing, Hangzhou and Shanghai) of the main sales zone in Jiangsu Province, Zhejiang Province and Shanghai of the Group, the average prices of PO42.5 cement in Nanjing (capital of Jiangsu Province), Hangzhou (capital of Zhejiang Province) and Shanghai were RMB310 per tonne, RMB350 per tonne and RMB360 per tonne respectively. The average price in Hangzhou and Shanghai were similar compared to the corresponding period last year, whereas the average price in Nanjing represent a decrease of 3.1%. (Source: Digital Cement Net)

In the first half year of 2014, the sales volume, revenue and gross profit of the Group have an upward movement compared to the corresponding period last year. However, as a result of the large scale equipment renewal and maintenance during the Reporting Period, the Group recorded a loss of approximately RMB1,597,000 in the first half of 2014.

Business and Financial Review

Turnover

During the Reporting Period, the Group's turnover amounted to approximately RMB162,048,000, representing an increase of approximately RMB21,286,000 or 15.1% from approximately RMB140,762,000 in the corresponding period in 2013. The increase was primarily attributable to the rise of sales volume and selling price. The sales volume of cement (including cement clinker) increased by approximately 1.1% and the average selling price of cement (including cement clinker) increased by approximately 13.9%.

The table below sets forth the analysis of the Group's revenue by product type:

	For the six months ended 30 June					
	2014			2013		
	Average			Average		
	Sales	Selling	Turnover	Sales	Selling	Turnover
	volume	Price		Volume	Price	
	Thousand	RMB/	RMB'000	Thousand	RMB/	RMB'000
	tonnes	tonne		tonnes	tonne	
PO 42.5 Cement	320.6	296.3	94,994	305.5	254.9	77,872
PC 32.5 Cement	275.1	240.1	66,052	275.8	218.4	60,235
Clinker	3.8	263.8	1,002	12.3	215.9	2,655

By product, the sales volume of the Group's cement products during the Reporting Period amounted to approximately 595.7 thousand tonnes, representing an increase of approximately 2.5% year on year, while the sales revenue of cement products increased by approximately 16.6% year on year to approximately RMB161,046,000. The income from clinker sales was approximately RMB1,002,000, representing a decrease of approximately 62.3% year on year.

The table below sets forth an analysis of the Group's turnover by geographical region:

	For the six months ended 30 June			
	2014		2013	
	Turnover RMB'000	% of total turnover	Turnover RMB'000	% of total turnover
Jiangsu Province	141,122	87.1%	106,993	76.0%
Wujiang District	114,407	70.6%	99,601	70.8%
Suzhou (excluding Wujiang District)	26,715	16.5%	7,392	5.2%
Zhejiang Province	17,889	11.0%	16,241	11.5%
South Zhejiang Province (Taizhou, Zhoushan and Ningbo)	13,095	8.0%	12,777	9.1%
Jiaxing	4,794	3.0%	3,464	2.4%
Shanghai	3,037	1.9%	17,528	12.5%
Total	162,048	100.0%	140,762	100.0%

During the Reporting Period, due to integration of industry structure in the second half of last year and the enhancement of energy conservation and emission reduction measure, there is a further improvement in the supply-demand in cement industry. As a result, both the sales volume and selling price of cement has increased. The turnover of respective regions (excluding Shanghai City) has increased compared to the corresponding period last year, among the others the sales volume of Suzhou Province (excluding Wujiang District) has an obvious increase of more than 261%.

Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit amounted to approximately RMB6,885,000, an increase of approximately RMB2,799,000 or 68.5% compared to approximately RMB4,086,000 in 2013, while the gross profit margin during the Reporting Period amounted to approximately 4.2%, an increase of approximately 1.3% compared to approximately 2.9% in the corresponding period last year. The decline in the Group's production costs, mainly attributable to the decrease in the selling price of coal, as well as the increase in selling price, have resulted in an increase in both the gross profit and gross profit margin respectively.

Other Income

During the Reporting Period, the Group's other income amounted to approximately RMB2,187,000, representing a decrease of approximately 34.6% compared to RMB3,342,000 in the corresponding period last year. The decrease was mainly due to a decline in government bonus, as well as the decline in value-added tax refund as a result of the drop of turnover percentage of PC 32.5 cement to total turnover.

Distribution Expenses

During the Reporting Period, the Group's distribution costs amounted to approximately RMB1,108,000, which basically remain the same as compared to approximately RMB1,110,000 in the corresponding period last year. Sales and distribution fees accounted for approximately 0.7% of the Group's consolidated revenue which has a slight decrease compared to approximately 0.8% in the corresponding period last year.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB6,776,000, representing a decrease of approximately 8.5% from approximately RMB7,404,000 in the corresponding period last year. The decline in the administrative expenses was primarily due to the decline in expenses such as business entertainment expenses and administrative expenses, etc.

Income Tax Expense

During the Reporting Period, the Group's income tax expense amounted to approximately RMB96,000, the Group's income tax deduction amounted to and approximately RMB368,000 in the corresponding period last year, attributed to the profit in Suzhou Dongwu recorded during the Reporting Period, while Suzhou Dongwu recorded a loss during the corresponding period last year.

Details of the Group's income tax are set out in note 10 to the condensed consolidated financial statements in this report.

Net Profit Margin

During the Reporting Period, the Group's net profit margin was approximately -0.99%, a slight increase as compared to approximately -2.09% in the corresponding period last year. The increase was mainly due to the increase in sales revenue and the decrease in the manufacturing cost, resulting in an increase of net profit to approximately RMB-1,501,000 from approximately RMB-3,306,000.

Liquidity and Capital Resources

The Group planned to meet its working capital requirements primarily through cash flow from operating activities, bank loans and the use of trade and other payables as well as the proceeds from the IPO of the Company.

	30 June 2014 RMB'000	31 December 2013 RMB'000
Cash and cash equivalents	31,102	78,724
Borrowings	50,000	50,000
Debt to equity ratio	15%	15%
Debt to asset ratio	12%	12%

Cash Flow

As at 30 June 2014, the Group's cash and cash equivalents amounted to approximately RMB31,102,000, representing a decrease of approximately 60.5% from approximately RMB78,724,000 as at 31 December 2013. The decrease was primarily due to the capital contribution of RMB75,000,000 to Suzhou Dongtong by Suzhou Dongwu during the Reporting Period.

Borrowing

	30 June 2014 RMB'000	31 December 2013 RMB'000
Current:		
Bank borrowings	50,000	50,000
Other borrowings		
– from non-bank financial institutions	–	–
– from financing arrangement	–	–
	50,000	50,000

During the Reporting Period, the Group's bank borrowings remained stable. Bank borrowings of the Group as at 30 June 2014, bearing fixed interest rate amounted to approximately RMB50,000,000, essentially flat compared to that as at 31 December 2013.

The aforesaid borrowings were not secured, pledged and guaranteed by the Group's properties, plant and equipment, land use rights, bill receivables and restricted bank deposits. The aforesaid borrowings will be due prior to 19 January 2015.

Details of the Group's borrowings are set out in note 16 in the condensed consolidated financial statements in this report.

As at 30 June 2014, the Group had RMB50,000,000 unutilized bank financing facilities.

As 30 June 2014, the Group's debt to equity ratio was 15%, relatively flat compared to 15% as at 31 December 2013.

The debt to equity ratio is calculated by dividing the debt by the difference between total assets and total liabilities.

Capital Expenditure and Capital Commitments

As at 30 June 2014, the Group's capital expenditure presented a notable increase to approximately RMB5,720,000 from approximately RMB1,230,000 over the corresponding period last year. The increase was primarily due to the equipment maintenance and renewal, as well as the purchase of environment preservation equipment.

As at 30 June 2014, the Group did not have any material capital commitments.

The Use of the IPO Proceeds

The Company raised net proceeds of approximately RMB57,390,000 from its IPO. As at 30 June 2014, approximately RMB47,854,000 from the proceeds had been applied in the manners set out in the Prospectus and the announcement of the Company dated 29 November 2013, mainly used for investing on BT (build-transfer) projects of roads, bridges, tunnels and other infrastructures, as well as upgrading the Group's production facilities.

Intended use	Percentage	Net proceeds RMB'000	Utilized amount RMB'000	Unutilized amount RMB'000
Infrastructure investment in BT projects	66%	37,877	37,877	–
Upgrading production facilities	26%	14,922	9,977	4,945
Working capital	8%	4,591	–	4,591
Total	100%	57,390	47,854	9,536

As at 30 June 2014, the unutilized IPO net proceeds were deposited in licensed banks in Hong Kong and China as a short-term current savings in Hong Kong \$ or RMB.

Pledge of Assets

As at 30 June 2014, the Group did not pledge any of its assets.

Contingent Liabilities

As at 30 June 2014, the Group had no material contingent liabilities.

FOREIGN CURRENCY RISK

The Group conducted its business primarily in the PRC with the majority of its operating expenses and capital accounts denominated in Renminbi, and the remaining denominated in Hong Kong \$. The debts denominated in foreign currencies were primarily due to the Group's payment of offshore intermediary fees. During the Reporting Period, the Hong Kong \$ of the Company deposited in the offshore banks recorded a foreign exchange loss of approximately RMB161,000 due to the weakness of Hong Kong \$.

During the Reporting Period, the Group did not expose to any material currency exchange risks, and therefore the Group did not implement any hedging measures for such risks. As of 30 June 2014, HK\$68,200,000 of the IPO net proceeds had been exchanged into deposits in Renminbi while the remaining balance was deposited in Hong Kong dollars. As Renminbi is not a freely convertible currency, the future exchange rates of Renminbi could vary significantly from the current or historical levels as a result of any controls that the PRC government may impose. The exchange rates may also be affected by economic developments and political changes in the PRC and/or abroad, as well as the demand and supply of Renminbi. A significant appreciation or devaluation of the Renminbi against foreign currencies resulting from the Company's exchange of its remaining balance of IPO net proceeds into Renminbi, may have a positive or negative impact on the Company's financial position. The management will closely monitor the foreign exchange exposures of the Company and will consider taking measures on hedging foreign currency risks when necessary.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

As disclosed in the announcement dated 9 January 2014, Suzhou Dongwu and Hengtong Holdings Ltd. ("**Hengtong Group**") entered into a cooperation agreement. According to the cooperation agreement, Suzhou Dongwu and Hengtong Group agreed to form the joint venture Suzhou Dongtong construction and development Ltd ("**Suzhou Dongtong**"). Suzhou Dongtong was registered and incorporated on 15 January 2014, with a registered capital of RMB150,000,000. Suzhou Dongwu and Hengtong Group contributed a capital of RMB75,000,000 respectively, holding 50% and 50% interest of the joint venture respectively.

As at 30 June 2014, according to the cooperation agreement Suzhou Dongwu contributed RMB75,000,000 to Suzhou Dongtong.

OPERATION AND FUTURE PROSPECTS OF MAJOR INVESTMENT PROJECTS

Suzhou Dongtong's business scope covers primarily highways, urban roads, bridges, tunnels foundation works, sewage treatment works; drainage works and also the construction and management of industrial and civil buildings and landscaping projects; engineering technical consultation, project supervision, project bidding agency property management, sales of building materials and domestic trading. Suzhou Dongtong has actively developed construction related business within its business scope since its incorporation, which includes the negotiation and contract of BT, BOT and other projects. Suzhou Dongtong has obtained the BT investment project of the Taihu bridge expansion in Western hills ("**Taihu bridge project**"), which is presently underway.

In February 2013, Suzhou Dongwu made a capital contribution of RMB5,000,000 to GinkgoPharma, holding a 10% equity interest in the company. GinkgoPharma is a company engaged in biological agents pharmaceutical intermediary, pharmaceutical research and development and technical consulting, technical services and technology transfer. GinkgoPharma focuses on the research and development of renovation in medicine. It has submitted to China Food and Drug Administration (CFDA) an application for clinical research towards type 1.1 chemical medicine, with self-owned intellectual property, for the cure of Hepatitis C, which is the first time a domestic company has made such application in this field. Currently, this research is progressed on normal basis.



INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2014.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had a total of 244 employees. The total remuneration of our employees amounted to approximately RMB7,434,000 during the Reporting Period. The remuneration levels of employees are commensurate with their responsibilities, performance and contributions and set on the basis of their merits, qualification and competence as well as the opinions from the remuneration committee of the Company (if applicable).

FUTURE PROSPECTS

In 2014, under the guidance of long-term development strategy, the Group will continue to enhance its current manufacturing facility reform, accelerate the transformation towards environment preservation-oriented cement manufacturing entity, and improve its comprehensive competitiveness and market position, to ensure the Group's position in local market, and to become a leading cement manufacturing company within the region.

OTHER INFORMATION

Share Capital

As at 30 June 2014, the Company's issued share capital was HK\$5,120,000, divided into 512,000,000 Shares with a par value of HK\$ 0.01 each.

Interests and Short Position of Directors, Supervisors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2014, the interests of the Directors, chief executive or their respective associates in the shares and underlying shares of the Company and its associated corporations which were required, pursuant to section 352 of the SFO, to be recorded in the register maintained by the Company are as follows:

Name	Capacity	Long position/ Short position	Number of shares held	Approximate percentage of shareholding
Tseung Hok Ming ¹	Interest of controlled corporation	Long position	297,500,000	58.11%
Jin Chungen ²	Interest of controlled corporation	Long position	77,500,000	15.14%

Notes:

1. Goldview is wholly-owned by Mr. Tseung Hok Ming, a non-executive Director. Accordingly, Mr Tseung is deemed to be interested in the same Shares of the Company held by Goldview by virtue of Part XV of the SFO. Goldview is also an associated corporation of the Company.
2. Concord is wholly-owned by Mr. Jin Chungen, an executive Director. Accordingly, Mr. Jin is deemed to be interested in the same Shares of the Company held by Concord by virtue of Part XV of the SFO.

Save as disclosed in the above, as at 30 June 2014, so far as is known to the Directors, no Directors or chief executive of the Company or their respective associates had or were deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations by virtue of part XV of the SFO which had to be notified to the Company and The Stock Exchange pursuant to divisions 7 and 8 of part XV of the SFO or the Model Code, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein.

As at 30 June 2014, none of the Directors and chief executive of the Company (including their respective spouses and children under the age of 18) had or were granted any rights to subscribe for the securities and share options of the Company and its associated corporations, nor had they exercised any such rights.

Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

As at 30 June 2014, so far as is known to the Directors, the person(s), not being the Directors or chief executive of the Company, who had any interests or short positions in the Shares and underlying Shares of the Company required to be recorded in the register kept under section 336 of the SFO are set out below.

Name	Capacity	Long position/ Short position	Number of shares held	Approximate percentage of shareholding interest
Goldview ¹	Beneficial owner	Long position	297,500,000	58.11%
Tseung Hok Ming ¹	Interest of controlled corporation	Long position	297,500,000	58.11%
Kingston Finance Limited ³	Beneficial owner	Long position	297,500,000	58.11%
Ample Cheer Limited ³	Interest of controlled corporation	Long position	297,500,000	58.11%
Best Forth Limited ³	Interest of controlled corporation	Long position	297,500,000	58.11%
Chu Yuet Wah ³	Interest of controlled corporation	Long position	297,500,000	58.11%
Concord ²	Beneficial owner	Long position	77,500,000	15.14%
Jin Chungen ²	Interest of controlled corporation	Long position	77,500,000	15.14%
Joy Wealth Finance Limited ⁴	Beneficial owner	Long position	65,500,000	12.79%
Pacific Plywood Holdings Limited ⁴	Interest of controlled corporation	Long position	65,500,000	12.79%
Allied Summit Inc. ⁴	Interest of controlled corporation	Long position	65,500,000	12.79%
Su WeiBiao ⁴	Interest of controlled corporation	Long position	65,500,000	12.79%

Notes:

1. Goldview is wholly-owned by Mr. Tseung Hok Ming, a non-executive Director. Accordingly, Mr. Tseung is deemed to be interested in the same Shares of the Company held by Goldview by virtue of Part XV of the SFO. Goldview is also an associated corporation of the Company.
2. Concord is wholly-owned by Mr. Jin Chungen, an executive Director. Accordingly, Mr. Jin is deemed to be interested in the same Shares of the Company held by Concord by virtue of Part XV of the SFO.
3. Mrs. Chu Yuet Wah owns 100% interests in Best Forth Limited, which in turn owns 80% interests in Ample Cheer Limited. As Ample Cheer Limited owns 100% interests in Kingston Financial Group Limited, each of Mrs. Chu Yuet Wah, Ample Cheer Limited and Kingston Financial Group Limited is deemed to be interested in the Shares of the Company held by Kingston Financial Group Limited by virtue of Part XV of the SFO.
4. Mr Su WeiBiao owns 80% interests in Allied Summit Inc., which in turn owns 58.72% interests in Pacific Plywood Holdings Limited. As Pacific Plywood Holdings Limited owns 100% interests in Joy Wealth Finance Limited, each of Mr. Su WeiBiao, Allied Summit Inc. and Pacific Plywood Holdings Limited is deemed to be interested in the Shares of the Company held by Joy Wealth Finance Limited by virtue of Part XV of the SFO.

Save as disclosed in the above, as at 30 June 2014, so far as is known to the Directors, no Directors or chief executive of the Company or their respective associates had or were deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations by virtue of Part XV of the SFO which had to be notified to the Company and The Stock Exchange pursuant to divisions 2 and 3 of Part XV of the SFO or the Model Code, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

SHARE OPTION SCHEME

The Company adopted a share option scheme ("Share Option Scheme") on 28 May 2012. Please refer to the Prospectus for details of such Share Option Scheme.

The Company did not grant any share options under the Share Option Scheme during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company or any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the Reporting Period.

MATERIAL LITIGATION AND ARBITRATION

Save as disclosed in the Prospectus, so far as is known to the Directors, the Group was not involved in any litigation, arbitration or claims of material importance and there was no litigation or claims of material importance to be pending or threatened by or against the Company during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of corporate governance. The Board believes that effective corporate governance and disclosure practices are not only crucial to the enhancement of the Company's accountability and transparency and investors' confidence, but also critical to the Group's long-term success. The Company has adopted the code provisions in the Corporate Governance Code as its own code on corporate governance.

The Company has complied with the Corporate Governance Code during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Having made specific enquiries to all Directors and receiving their respective confirmations, all Directors have confirmed they had complied with the requirements as set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited interim financial report for the six months ended 30 June 2014 and has discussed the financial reporting with the management. The Audit Committee is of the opinion that the preparation of these financial statements within which the appropriate disclosures have been made has complied with the applicable accounting standards and requirements.

By order of the Board
Dongwu Cement International Limited
Chairman
Xie Yingxia

Hong Kong, 15 August 2014



羅兵咸永道

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF DONGWU CEMENT INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial information set out on pages 21 to 40, which comprises the condensed consolidated interim statement of financial position of Dongwu Cement International Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2014 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Hong Kong 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.

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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 condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 15 August 2014

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2014	2013
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Note			
	9	162,048	140,762
	11	<u>(155,163)</u>	<u>(136,676)</u>
		6,885	4,086
	11	(1,108)	(1,110)
	11	(6,776)	(7,404)
		2,187	3,342
		(1,493)	(383)
		(305)	(1,469)
		555	689
		(1,714)	(2,278)
		(1,159)	(1,589)
	8	(37)	(248)
		(1,501)	(3,306)
	10	(96)	368
		(1,597)	(2,938)
		(1,597)	(2,938)
		(1,597)	(2,938)
		(1,597)	(2,938)
	15	(0.003)	(0.006)

The notes on pages 26 to 40 are an integral part of this unaudited condensed consolidated interim financial information.

Director

Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	125,853	134,034
Land use rights	12	17,114	17,316
Investments accounted for using the equity method	8	79,571	4,608
		<u>222,538</u>	<u>155,958</u>
Current assets			
Inventories		34,584	26,350
Trade and other receivables	13	135,701	138,746
Cash and cash equivalents		31,102	112,105
		<u>201,387</u>	<u>277,201</u>
Total assets		<u>423,925</u>	<u>433,159</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	14	4,174	4,174
Other reserves		281,317	281,317
Retained earnings		42,103	43,700
		<u>327,594</u>	<u>329,191</u>
Total equity		<u>327,594</u>	<u>329,191</u>

	Note	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	17	<u>4,869</u>	<u>4,773</u>
Current liabilities			
Trade and other payables	18	<u>39,726</u>	<u>46,723</u>
Current income tax payable		<u>1,736</u>	<u>2,472</u>
Borrowings	16	<u>50,000</u>	<u>50,000</u>
		<u>91,462</u>	<u>99,195</u>
Total liabilities		<u>96,331</u>	<u>103,968</u>
Total equity and liabilities		<u>423,925</u>	<u>433,159</u>
Net current assets		<u>109,925</u>	<u>178,006</u>
Total assets less current liabilities		<u>332,463</u>	<u>333,964</u>

The notes on pages 26 to 40 are an integral part of this unaudited condensed consolidated interim financial information.

Director

Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				
	Note	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2014 (audited)		<u>4,174</u>	<u>281,317</u>	<u>43,700</u>	<u>329,191</u>
Comprehensive loss					
Loss for the period		-	-	(1,597)	(1,597)
Total comprehensive loss for the period ended 30 June 2014		-	-	(1,597)	(1,597)
Balance at 30 June 2014 (unaudited)		<u>4,174</u>	<u>281,317</u>	<u>42,103</u>	<u>327,594</u>
Balance at 1 January 2013 (audited)		<u>4,174</u>	<u>279,244</u>	<u>29,520</u>	<u>312,938</u>
Comprehensive loss					
Loss for the period		-	-	(2,938)	(2,938)
Total comprehensive loss for the period ended 30 June 2013		-	-	(2,938)	(2,938)
Balance at 30 June 2013 (unaudited)		<u>4,174</u>	<u>279,244</u>	<u>26,582</u>	<u>310,000</u>

The notes on pages 26 to 40 are an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

		Six months ended 30 June	
Note	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)	
Cash flows from operating activities			
	194	(12,385)	
	<u>(1,193)</u>	<u>(1,374)</u>	
	(999)	(13,759)	
Cash flows from investing activities			
	555	687	
8	(75,000)	(5,000)	
12	<u>(5,720)</u>	<u>(1,230)</u>	
	(80,165)	(5,543)	
Cash flows from financing activities			
	-	-	
	(81,164)	(19,302)	
	112,105	98,548	
	<u>161</u>	<u>(522)</u>	
	31,102	78,724	

The notes on pages 26 to 40 are an integral part of this unaudited condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Dongwu Cement International Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 29 November 2011. The address of its registered office is at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investing holding company. The Company and its subsidiaries are collectively referred to as the "Group". The Group is principally engaged in the production and sales of cement. The principal place of the Group's business is Fenu Economic Development Zone, Wujiang, Jiangsu Province, the People's Republic of China (the "PRC").

As at 30 June 2014, the Company has direct or indirect interests in the subsidiaries as set out below:

Name	Place and date of incorporation	Principal activities and type of entity	Particulars of issued/ paid-in capital	Equity interest held	
				Direct	Indirect
Dongwu International Investment Limited ("Dongwu Investment")	British Virgin Islands ("BVI") 29 November 2011	Investment holding, a limited liability company	USD50,000	100%	-
Dongwu Cement (Hong Kong) Limited ("Dongwu HK")	Hong Kong 16 December 2011	Investment holding, a limited liability company	HK\$1	-	100%
蘇州東吳水泥有限公司 (Suzhou Dongwu Cement Co., Ltd., ("Suzhou Dongwu"))	PRC 5 June 2003	Production and sales of cement, a limited liability company	USD29,000,000	-	100%
Dongwu Science & Technology Investment Company Limited	Hong Kong 2 October 2013	Science and technology Investment, a limited liability company	HK\$1	-	100%

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 13 June 2012.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

This condensed consolidated interim financial information was approved by the Board of Directors (the “Board”) for issue on 15 August 2014.

The condensed consolidated interim financial information has not been audited.

This condensed consolidated interim financial information for the six months ended 30 June 2014 (the “Period”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (the “Financial Information”). The Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The Financial Information has been prepared under the historical cost convention, except that certain financial assets and liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements, except for the adoption of the following new standards and interpretations as of 1 January 2014 and the policies stated in 3.1 below:

HKAS 32 (Amendment)	‘Financial instruments: Presentation – Offsetting financial assets and financial liabilities’
HKAS 36	‘Impairment of assets’
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	‘Investment entities’
IFRIC 21	‘Levies’

The adoption of the above new standards and interpretations has no significant impact to the Group’s results of operations and financial position.

3.1 Current income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Other new HKAS, amendments and interpretations

The HKICPA has issued the following new HKAS, amendments and interpretations which are related to the Group's operation but not yet effective for the accounting period beginning 1 January 2014 and which have not been early adopted.

		Effective for annual periods beginning on or after
HKFRS 9 (Amendment)	'Financial instruments'	1 January 2015
HKFRS 7 & HKFRS 9	'Mandatory effective date & transition disclosures'	1 January 2015
HKFRS 14	'Regulatory deferral accounts'	1 January 2016

The Group has commenced an assessment of the impact of the above new HKAS, amendments to the standard and interpretations but is not yet in a position to state whether the above new HKAS, amendments to the standard and interpretations would have a significant impact to the Group's results of operations and financial position.

4 ESTIMATES

The preparation of 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 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 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The 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 2013.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

5.2 Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, short-term bank borrowings and the financial support provided by the equity holders.

5.3 Fair value estimation

None of the Group's assets are subsequently measured at fair value at 30 June 2014 (30 June 2013: None).

6 SEASONALITY OF OPERATIONS

There is no obvious seasonality of operations noted for the Group for the six months ended 30 June 2014 and 2013.

7 SEGMENT INFORMATION

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board that makes strategic decisions.

The Group is principally engaged in the production and sales of cement and 100% of its sales are derived in the PRC for the Period (30 June 2013: 100%).

The revenue derived from one of the external customers amounted to 14.72% of the Group's revenue for the Period (30 June 2013: 15.43%).

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the statement of financial position are as follows:

	As at	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Associate	75,000	–
Single insignificant associate	4,571	4,608
	<u>79,571</u>	<u>4,608</u>

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

The amounts recognised in the statement of comprehensive income are as follows:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Associate	–	–
Single insignificant associate	<u>(37)</u>	<u>(248)</u>
	<u>(37)</u>	<u>(248)</u>

a) Interests in an associate

Set out below is an associate of the Group at 30 June 2014 which, in the opinion of the directors, is material to the Group.

	Six months ended 30 June 2014 RMB'000
Opening balance at 1 January	–
Addition	75,000
Share of profit	–
Other comprehensive income	<u>–</u>
Closing balance at 30 June	<u><u>75,000</u></u>

No transaction costs have been treated as part of the investment in the associate.

Nature of investment in the associate for the Period:

Name of entity	Place and date of incorporation	% of ownership interest	Nature of the relationship	Measurement method
蘇州東通建設發展有限公司 (Suzhou Dongtong Construction and Development Co., Ltd.*, "Suzhou Dongtong")	PRC 15 January 2014	50% #	Note 1	Equity

* The English translation of the entity name is for reference only. The official name of this entity is in Chinese.

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

a) Interests in an associate (CONTINUED)

* The Group holds 50% equity interest of Suzhou Dongtong. The Group has only significant influence to the board of directors of Suzhou Dongtong because the Group is only able to appoint one director to the board and the board decision is approved by simple majority.

Note 1: The main business of Suzhou Dongtong is the construction of infrastructure project under the “build and transfer”, which is a strategic partnership for the Group. And it will purchase cement from the Group for its construction projects.

Suzhou Dongtong is a private company and there is no quoted market price available for its shares. And there are no commitments and contingent liabilities relating to the Group’s interest in Dongtong.

Summarised financial information for Suzhou Dongtong

Set out below are the summarised financial information for Suzhou Dongtong which is accounted for using the equity method.

Summary of statement of financial position

	AS at 30 June 2014 RMB’000 (Unaudited)
ASSETS	
Non-current assets	
Property, plant and equipment	124
Current assets	
Trade and other receivables	32,038
Cash and cash equivalents	117,838
	149,876
Total assets	150,000
Total liabilities	–
Net assets	150,000

Summary of statement of comprehensive income

The Group did not account for any equity sharing from Dongtong for the Period due to its short incorporation period and immaterial operation result, therefore, there is no statement of comprehensive income.

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

a) Interests in an associate (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in Suzhou Dongtong.

Summary of financial information

	Six months ended 30 June 2014
	RMB'000
Opening net assets at 1 January 2014	–
Capital injection for the Period	150,000
Profit for the Period	–
Other comprehensive income	–
Closing net assets at 30 June 2014	150,000
Interest in Suzhou Dongtong @50%	75,000
Carrying value	75,000

b) Investment in single insignificant associate

In addition to the interests in an associate disclosed above, the Group also has interests in a single insignificant associate – 銀杏樹藥業(蘇州)有限公司 (GinkgoPharma Co.,Ltd., "GinkgoPharma", English translation for reference only) that is accounted for using the equity method.

	Six months ended 30 June 2014
	RMB'000
Carrying amount of GinkgoPharma	4,571
Amount of the reporting entity's share of:	
Share of loss	(37)
Other comprehensive income	–
Total comprehensive loss	(37)

The Group acquired 10% of the share capital of GinkgoPharma for a cash consideration of RMB5,000,000 on 18 February 2013.

Although the Group holds less than 20% of the equity shares of GinkgoPharma, the Group exercises significant influence by appointment of one director to the board of directors of GinkgoPharma and has the power to participate in the financial and operating policy decisions of GinkgoPharma.

9 REVENUE

The Company is an investment holding company. Its subsidiary in PRC is principally engaged in the manufacture and sales of cement. Revenue is analyzed as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Ordinary Portland cement strength class 42.5	94,991	77,882
Composite Portland cement strength class 32.5	66,054	60,235
Clinker	1,003	2,645
	<u>162,048</u>	<u>140,762</u>

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current income tax	–	–
Deferred tax on origination and reversal of temporary differences (Note 17)	(96)	368
	<u>(96)</u>	<u>368</u>

Pursuant to the rules and regulations of Cayman Islands and the British Virgin Islands, the Company and Dongwu Investment are not subject to any income tax in those jurisdictions.

Hong Kong profits tax rate is 16.5% for the period (30 June 2013: 16.5%). The Group is not subject to Hong Kong profits tax as it has no assessable income arising in and derived from Hong Kong during the Period (30 June 2013: Nil).

Under the Law of the PRC on Corporate Income Tax and Implementation Regulation of the PRC on Corporate Income Tax, the tax rate of the PRC subsidiary is 25%.

10 INCOME TAX EXPENSE (CONTINUED)

Tax loss incurred by Dongwu Cement can be carried forward for five accounting years.

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate of Dongwu Cement used for the six months ended 30 June 2014 is 6% (the estimated tax rate for the six months ended 30 June 2013 was 11%).

11 EXPENSE BY NATURE

Expenses included in cost of sales, distribution costs and administrative expenses are analyzed as follows:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Changes in inventories of finished goods and work in progress	(6,857)	(4,128)
Raw materials and consumables used	121,259	100,215
Utilities and energy costs	22,212	22,972
Depreciation and amortization expenses (Note 12)	12,636	12,370
Employee benefit expenses	7,434	6,573
Transportation expenses	1,971	1,697
Taxes and levies	1,288	860
Entertainment expenses	185	462
Pollution discharge expenses	155	296
Repair and maintenance expenses	669	761
Consultancy, legal and professional fees	1,253	1,365
(Reversal)/provision for impairment of trade receivables (Note 13)	(1,455)	177
Traveling expenses	93	162
Auditors' remuneration – audit services	586	586
Property insurance	330	36
Other expenses	1,288	786
Total cost of sales, distribution costs and administrative expenses	163,047	145,190

12 PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

	Property, plant and equipment RMB'000	Land use Rights RMB'000
Six months ended 30 June 2014		
Net book value		
Opening amount as at 1 January 2014	134,034	17,316
Additions	5,720	–
Depreciation and amortization	(12,434)	(202)
Disposals	(1,467)	–
	<u>125,853</u>	<u>17,114</u>
Closing amount as at 30 June 2014		
	<u>125,853</u>	<u>17,114</u>
Six months ended 30 June 2013		
Net book value		
Opening amount as at 1 January 2013	155,496	17,720
Additions	1,230	–
Depreciation and amortization	(12,168)	(202)
	<u>144,558</u>	<u>17,518</u>
Closing amount as at 30 June 2013		
	<u>144,558</u>	<u>17,518</u>

13 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Trade receivables due from third parties	80,432	99,959
Less: provision for impairment of trade receivables	(602)	(6,756)
	<u>79,830</u>	<u>93,203</u>
Trade receivables, net	79,830	93,203
Bills receivable	48,489	36,114
	<u>128,319</u>	<u>129,317</u>
Trade and bills receivables	128,319	129,317
Prepayments for		
– acquisition of materials	6,357	8,333
Other receivables	1,025	1,096
	<u>135,701</u>	<u>138,746</u>
	<u>135,701</u>	<u>138,746</u>

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

The credit terms for most of the customers range from 30 to 90 days. For ready-mixed concrete stations customers, depending on their business relationships with the Group and their creditworthiness, the Group may grant them the following credit terms: (i) a revolving credit limit of between RMB1 million and RMB3.5 million with a credit period of up to 365 days, and (ii) any outstanding payables in excess of the said revolving credit limit with a credit period of between 0 to 30 days.

As at 30 June 2014 and 31 December 2013, the aging analyses of the trade receivables due from third parties were as follows:

	As at	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Within 90 days	44,144	61,331
From 91 days to 180 days	32,177	2,626
From 181 days to 1 year	3,021	15,776
From 1 year to 2 years	561	16,733
Over 2 years	529	3,493
	80,432	99,959

The Group's trade and other receivables are all denominated in RMB.

The carrying values of the Group's trade and other receivables approximate to their fair values.

Movements of the provision for impairment of trade receivables are as follows:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Opening balance	6,756	3,502
Provision for the period (Note 11)	112	177
Release of provision upon collection for the period (Note 11)	(1,567)	–
Receivables written off during the period as uncollectible	(4,699)	–
Closing balance at 30 June	602	3,679

14 SHARE CAPITAL

	Number of shares (thousands)	Share capital RMB'000
Balance at 1 January 2013, 30 June 2013, 1 January 2014 and 30 June 2014	<u>512,000</u>	<u>4,174</u>

15 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue for the period.

	Six months ended 30 June	
	2014	2013
Loss attributable to equity shareholders of the Company (RMB'000)	(1,597)	(2,938)
Weighted average number of ordinary shares in issue (thousand share)	<u>512,000</u>	<u>512,000</u>
Basic and diluted loss per share (RMB)	<u>(0.003)</u>	<u>(0.006)</u>

As there were no dilutive options and other dilutive potential shares in issue during the six months ended 30 June 2014 and 2013, diluted loss per share is the same as basic loss per share.

16 BORROWINGS

The Group has no secured borrowings as at 30 June 2014 and 31 December 2013.

Interest expense on borrowings for the period was RMB1,710,000 (30 June 2013: RMB1,928,000).

The carrying amounts of the Group's borrowings approximated to their fair values as at 30 June 2014 and 31 December 2013.

The Group's borrowings are denominated in RMB.

17 DEFERRED INCOME TAX LIABILITIES

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Opening balance as at 1 January 2014	4,773	3,720
Credited to profit or loss (Note 10)	<u>96</u>	<u>(368)</u>
Closing balance as at 30 June 2014	<u>4,869</u>	<u>3,352</u>

18 TRADE AND OTHER PAYABLES

	As at	
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
Trade payables	33,777	32,779
Advances from customers	3,377	2,370
Salary payables	570	2,969
Other tax payables	492	6,182
Other payables	<u>1,510</u>	<u>2,423</u>
	<u>39,726</u>	<u>46,723</u>

The credit period granted by the Group's principal suppliers is 30 to 90 days.

The Group's trade and other payables are all denominated in RMB.

The carrying value of the Group's trade and other payables approximate to their fair values.

18 TRADE AND OTHER PAYABLES (CONTINUED)

The aging analysis of the trade payables are as follows:

	As at	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Within 30 days	20,008	20,807
From 31 to 90 days	9,335	7,295
From 91 days to 180 days	2,291	3,415
From 181 days to 1 year	1,169	476
From 1 year to 2 year	279	125
Over 2 years	695	661
	<u>33,777</u>	<u>32,779</u>

19 COMMITMENTS

As at 30 June 2014, the Group has no significant capital and operating lease commitments (31 December 2013: None).

20 RELATED-PARTY TRANSACTIONS

Key management remuneration

Key management includes directors (executive and non-executive) and senior management. The remuneration paid or payable to key management for employees service is shown below:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Basic salaries and benefit in kind	<u>780</u>	<u>818</u>

Save as disclosed of key management remuneration in the above, there are no transactions among the Group and its related parties for the six months ended 30 June 2014 (30 June 2013: Nil).