



中國節能海東青新材料集團有限公司

CECEP COSTIN NEW MATERIALS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2228

2014

Interim Report



中国节能
CHINA ENERGY CONSERVATION AND
ENVIRONMENTAL PROTECTION GROUP



中國節能海東青
CECEP COSTIN

CONTENTS

Corporate Information	02
Results Highlights	03
Management Discussion and Analysis	04
Other Information	09
Independent Review Report	17
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	19
Condensed Consolidated Statement of Changes in Equity	20
Condensed Consolidated Statement of Cash Flows	21
Notes to the Condensed Financial Statements	22

Corporate Information

EXECUTIVE DIRECTORS

Mr. Yu Heping (*Co-Chairman*)
Mr. Chim Wai Kong (*Co-Chairman*)
Mr. Chim Wai Shing Jackson (*Chief Executive Officer*)
Mr. Xue Mangmang

NON-EXECUTIVE DIRECTORS

Mr. Yang Yihua
Mr. Pan Tingxuan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Feng Xue Ben
Mr. Wong Siu Hong
Mr. Xu Qinghua

AUTHORISED REPRESENTATIVES

Mr. Chim Wai Shing Jackson
Mr. Chan Kwok Yuen Elvis

COMPANY SECRETARY

Mr. Chan Kwok Yuen Elvis (*ACA, CFA, FCCA, FCPA*)

AUDITOR

RSM Nelson Wheeler
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Scotia Centre, 4th Floor
P.O. Box 2804
George Town
Grand Cayman KY1-1112
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

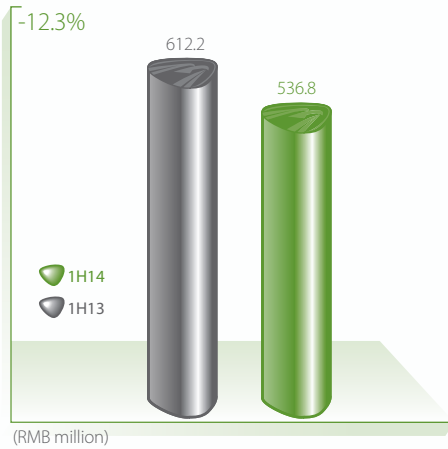
Suites 2703-04
27th Floor, Tower 6
The Gateway
Harbour City
Kowloon

WEBSITE

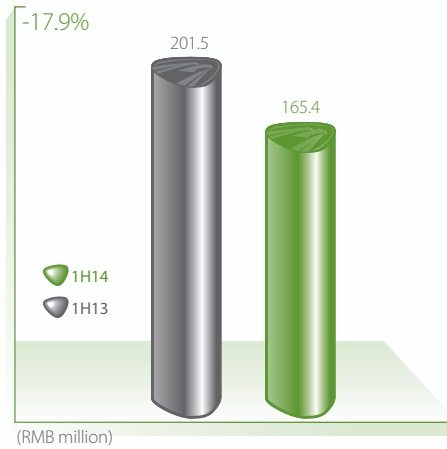
www.costingroup.com

Results Highlights

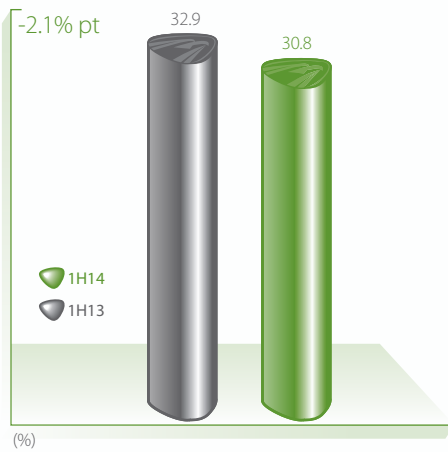
TURNOVER



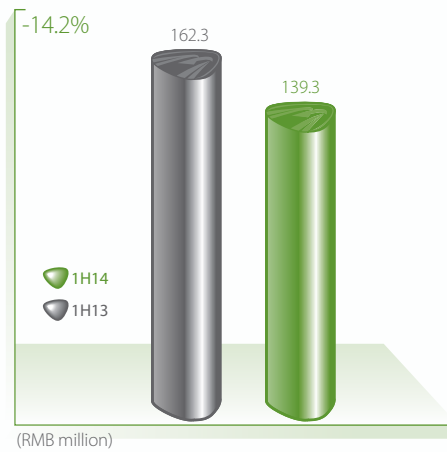
GROSS PROFIT



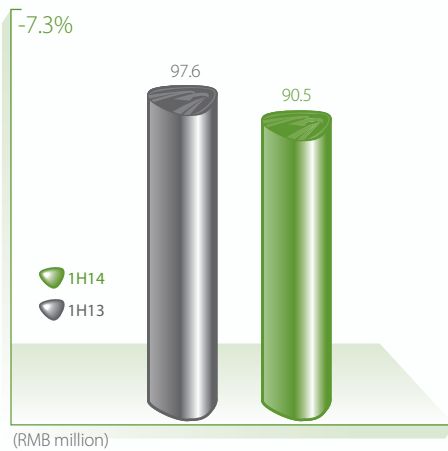
GROSS PROFIT MARGIN



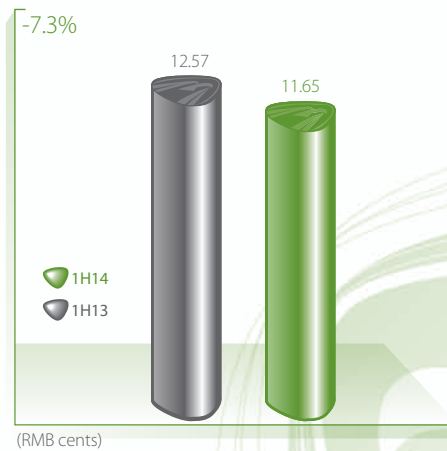
PROFIT FROM OPERATIONS



PROFIT FOR THE PERIOD



BASIC EARNINGS PER SHARE



Management Discussion and Analysis

BUSINESS REVIEW

The People's Republic of China (the "PRC" or "China") geared down its economic momentum in the first half of 2014. In the context of consumption upgrade and economic transformation, demand for traditional industry products appeared weak. On the other hand, the industrialization process in the past decades also brought tremendous pressure on the environment, which has become a hurdle to the sustainable development of China's economy. The PRC government has realized the importance of environmental protection to its economic vision, and the environmental protection industry has become an integral element in the mission of "Ecological civilization and eco-friendly China" set forth by the 18th National Congress of the Communist Party of China. The sales of thermal resistant filtration materials of CECEP COSTIN New Materials Group Limited ("CECEP COSTIN" or the "Company") and its subsidiaries (collectively referred to as the "Group") continued to rise in the first half of 2014, the revenue of which increased as compared with the corresponding period of last year. Furthermore, the extensive application of the Group's non-woven materials and recycled chemical fibres as well as the solid customer base allowed us to effectively hedge from the impact of industrial volatility on our business results.

Non-woven materials with 3D engineering structure

As at 30 June 2014, the annual output capacity of the Group's non-woven materials with 3D engineering structure included approximately 103 million yards involving 17 stitch-bonded non-woven material production lines and approximately 57 million yards involving 9 needle-punching non-woven material production lines, bringing the aggregate production capacity to approximately 160 million yards per annum. For the six months ended 30 June 2014, despite that sales volume of non-woven materials recorded a year-on-year increase of approximately 6.2% to approximately 45.2 million yards, sales revenue reported a year-on-year decrease of approximately 16.8% due to the decrease of approximately 21.7% in the average selling price of non-woven materials as compared with the corresponding period of 2013 as certain traditional sectors suffered from the economic slowdown. Accordingly, the gross profit margin of non-woven materials decreased by approximately 120 basis points year-on-year to approximately 35.9%.

Recycled chemical fibres

As at 30 June 2014, the Group had 2 production lines of recycled chemical fibres with annual production capacity of approximately 42,000 tons, capable of handling approximately 53,000 tons of waste PET chips per annum. In the first half of 2014, selling price and gross profit margin of the Group's recycled chemical fibres declined as market demand for recycled chemical fibres continued to be subdued with intense market competition. Despite that sales volume of the Group's recycled chemical fibres in the first half of 2014 remained almost the same with that recorded in the corresponding period of last year, sales revenue decreased by approximately 6.0% as compared with the corresponding period of last year. In the first half of 2014, unit selling price of recycled chemical fibres decreased by approximately 6.1% as compared with the corresponding period of last year, while gross profit margin decreased by approximately 200 basis points on a year-on-year basis to approximately 19.3%. By maintaining R&D investment and optimizing product mix, the Group will seek to stabilize selling price and gross profit margin while enhancing product performance to boost sales.

Thermal resistant filtration materials

In respect of thermal resistant filtration materials, the Group currently has 3 production lines with a production capacity of approximately 21 million sq.m. per annum. Through the aggressive marketing efforts in the past year, sales volume of thermal resistant filtration materials of the Group increased by approximately 34.7% on a year-on-year basis to approximately 847,000 sq.m., and the selling price also recorded a year-on-year increase of approximately 8.2%, yielding in an increase of approximately 45.8% in the turnover which amounted to approximately RMB39.1 million. Despite the lack of profit contribution from the thermal resistant filtration materials business, the establishment of cooperation relationship with renowned companies in the environmental protection equipments, power supply, building materials and cement industries and the broadened sales outlets have paved the way for product sales and market development in the future. It is believed that the bag-type filtration material sector will keep its growth momentum in the coming year as the PRC government raises the smoke and dust emission standards for pollutant-discharging industries.

Management Discussion and Analysis

Product R&D

In respect of R&D, the Group will continue to enhance its technological capabilities and strengths in science researches, improve the functions and technologies in non-woven materials and lower production costs through recycling and reducing pollutants discharges, with an aim to achieve sustainable development. In the future, the Group will further strengthen product R&D. The Group will also carry forward new product development based on in-depth communication with customers and according to market and customer needs, while refining the product mix on a timely basis to improve the overall profitability. The Group believes that, through the increased R&D investment, the initiatives to upgrade product portfolio will enable it to build long-term competitiveness. The Group is a Provincial-Level Technology Centre in Fujian and a domestic non-woven material enterprise accredited with SCS Recycled Content Certification. As at 30 June 2014, the Group had 32 patents and was applying for the registration of 45 patents. The Group will continue R&D investment, and increase the market share of new products with proprietary intellectual property rights on a market-oriented basis.

FINANCIAL REVIEW

For the six months ended 30 June 2014, the Group's turnover and profit attributable to owners of the Company decreased by approximately 12.3% to approximately RMB536.8 million and decreased by approximately 7.3% to approximately RMB90.5 million respectively.

Turnover

The Group's turnover for the six months ended 30 June 2014 was approximately RMB536.8 million, representing a decrease of approximately 12.3% or approximately RMB75.4 million over the corresponding period of last year.

The Group's turnover of non-woven materials for the six months ended 30 June 2014 was approximately RMB416.1 million, representing a decrease of approximately 16.8% or approximately RMB84.2 million from the same period of last year. Turnover of recycled chemical fibres was approximately RMB78.1 million, representing a decrease of approximately 6.0% or approximately RMB5.0 million from the same period of last year. Turnover of thermal resistant filtration materials was approximately RMB39.1 million, representing an increase of approximately 45.8% or approximately RMB12.3 million from the same period of last year.

During the six months ended 30 June 2014, the Group's export sales to Hong Kong and overseas market accounted for approximately 13.3% (Six months ended 30 June 2013: 21.8%) of the Group's turnover while sales in the PRC (except Hong Kong) accounted for approximately 86.7% (Six months ended 30 June 2013: 78.2%).

During the six months ended 30 June 2014, the Group sold approximately 45.2 million yards of non-woven materials, representing an increase of approximately 6.2% from the same period of last year, and its sales volume of recycled chemical fibres remained stable at approximately 9,300 tons. The Group sold approximately 847,000 sq.m. of thermal resistant filtration materials, representing an increase of approximately 34.7% from the same period of last year.

Management Discussion and Analysis

Gross profit and gross profit margin

For the six months ended 30 June 2014, the Group's gross profit was approximately RMB165.4 million, representing a decrease of approximately 17.9% or approximately RMB36.0 million as compared with the same period in 2013. The decrease in gross profit was mainly driven by the decrease in gross profit of non-woven materials segment. The gross profit for the non-woven materials segment accounted for approximately 90.4% of the total gross profit during the six months ended 30 June 2014 (Six months ended 30 June 2013: 92.1%). The gross profit for the recycled chemical fibres segment accounted for approximately 9.1% of the total gross profit during the six months ended 30 June 2014 (Six months ended 30 June 2013: 8.8%).

The overall gross profit margin of the Group was approximately 30.8%, representing a decrease of approximately 2.1 percentage points as compared to the same period of last year. The gross profit margin for non-woven materials segment decreased from approximately 37.1% for the six months ended 30 June 2013 to approximately 35.9% for the six months ended 30 June 2014. As for the recycled chemical fibres segment, its gross profit margin was approximately 19.3% for the six months ended 30 June 2014, representing a decrease of approximately 2.0 percentage points as compared to the same period of last year. The thermal resistant filtration materials has incurred a segment loss of approximately RMB0.3 million during the current period (Six months ended 30 June 2013: loss of approximately RMB2.3 million). The decrease in gross profit margin for non-woven materials was principally due to the increase in sales volume of products with lower selling price and lower profit margin; the decrease in gross profit margin for recycled chemical fibres was principally due to the decrease in selling price during the six months ended 30 June 2014.

Distribution expenses

For the six months ended 30 June 2014, distribution expenses remained stable as compared to the same period in 2013. Distribution expenses accounted for approximately 1.3% of the Group's turnover for the six months ended 30 June 2014 (Six months ended 30 June 2013: 1.2%).

Administrative expenses

Administrative expenses for the six months ended 30 June 2014 had a slight increase by approximately RMB0.6 million as compared to the same period in 2013. The administrative expenses accounted for approximately 7.5% of the Group's turnover for the six months ended 30 June 2014 (Six months ended 30 June 2013: 6.5%).

Finance costs

Finance costs for the six months ended 30 June 2014 decreased by approximately RMB14.0 million as compared to the same period in 2013. The decrease in finance costs was mainly due to the redemption of US\$30 million convertible bond by the Company in July 2013.

Income tax expense

The Group's effective income tax rate for the six months ended 30 June 2014 was approximately 29.8%, as compared with approximately 29.2% for the corresponding period in 2013. The effective income tax rate remained stable with that of the first half of last year.

Profit attributable to owners of the Company and net profit margin

Profit attributable to owners of the Company for the six months ended 30 June 2014 was approximately RMB90.5 million, representing a decrease of approximately 7.3% or approximately RMB7.1 million as compared with the first half of 2013. The Group's net profit margin for the six months ended 30 June 2014 was approximately 16.9%, representing an increase of approximately 1.0 percentage points as compared with the corresponding period of last year. The increase in net profit margin was mainly due to an increase in other income and decrease in finance costs.

Management Discussion and Analysis

Earnings per share

The Group's basic earnings per share for the six months ended 30 June 2014 was approximately RMB11.65 cents, representing a decrease of approximately 7.3% as compared with the same period in 2013, which was due to a decrease in profit attributable to owners of the Company for the period.

The effect of potential ordinary shares in respect of convertible bond is anti-dilutive for the period ended 30 June 2013.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing in respect of share options for the period ended 30 June 2013.

Liquidity and financial resources

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 June 2010 and the net proceeds of the global offering was approximately HK\$439.8 million after deducting related underwriting fees and other expenses. The proceeds were applied in accordance with the proposed applications set out in the Company's prospectus dated 8 June 2010. As at the date of this interim report, the Group already used approximately HK\$162.7 million of the net proceeds for establishment of the filtrating materials production facilities and approximately HK\$23.9 million for the expansion of its existing technology centre and the establishment of a research centre for new materials. In addition, approximately HK\$40.0 million was used as the Group's general working capital. The Group has deposited the remaining unused proceeds in licensed banks in Hong Kong and the PRC.

The Group generally finances its operations with internally generated cash flow and facilities provided by its principal bankers in Hong Kong and the PRC. The Group had bank and cash balances of approximately RMB1,080.0 million (31 December 2013: RMB1,105.2 million) and no pledged bank deposits (31 December 2013: RMB7.1 million) as at 30 June 2014. The Group's bank and cash balances were mostly held in United States dollars ("US dollars"), Hong Kong dollars ("HK dollars") and Renminbi.

As the Group conducts business transactions principally in Renminbi and US dollars, management considered that the Group's exposure to exchange rate risk at the operational level is not significant. Accordingly, the Group had not used any financial instruments for hedging purposes during the six months ended 30 June 2014. Nevertheless, management will continue to monitor its foreign exchange exposure and is prepared to take prudent measures such as hedging when appropriate actions are required.

As at 30 June 2014, the Group's bank loans amounted to approximately RMB378.0 million (31 December 2013: RMB394.9 million), of which approximately 72.4% (31 December 2013: 68.6%) was repayable within one year. The Group's bank loans were made in HK dollars, US dollars and Renminbi, whilst approximately 67.7% (31 December 2013: 67.6%) of such bank loans bore interest at fixed lending rate. As at 30 June 2014, the Group's gearing ratio was approximately 18.6% calculated as bank loans divided by total assets (31 December 2013: 19.0%). Net current assets and net assets as at 30 June 2014 were approximately RMB1,185.6 million (31 December 2013: RMB1,130.0 million) and approximately RMB1,449.0 million (31 December 2013: RMB1,399.6 million), respectively.

As at 30 June 2014, certain prepaid land lease payments, buildings and investment properties of the Group with carrying values of approximately RMB62.1 million (31 December 2013: RMB64.3 million), approximately RMB73.1 million (31 December 2013: RMB73.3 million) and approximately RMB4.1 million (31 December 2013: RMB6.5 million), respectively, were pledged to secure general banking facilities granted to the Group.

As at 30 June 2014, the Group did not have any contingent liabilities (31 December 2013: Nil).

Management Discussion and Analysis

Significant investments and acquisitions

During the six months ended 30 June 2014, the Group acquired property, plant and equipment and incurred costs for construction in progress of approximately RMB2.9 million (Six months ended 30 June 2013: RMB7.3 million) and approximately RMB0.3 million (Six months ended 30 June 2013: RMB1.6 million), respectively.

PROSPECTS AND OUTLOOK

In view of issues such as poor air quality and water pollution in recent years, the PRC government is committed to developing environmental protection industry and implementing various green environmental protection policies. CECEP COSTIN also responded to the PRC government's policy, committed to the motto of "purifying the impossible" in the low-carbon era. Adhering to such business philosophy, the Group aims to develop into a technology-based group, striving to develop our recycled products, environmental-friendly filtration materials and industrial textiles into industry standards and lead the market with technology as a leading environmental protection enterprise in the PRC. Adhering to the market-oriented approach, the Group tailored its R&D efforts to the market needs by enhancing the planning and research of proprietary R&D projects and regulating the scientific research management mechanism. Focusing on research on environmental protection and comprehensive utilization of recycled textiles, the Group carried out research on application recycled textiles in the construction sector. The development of gelatinized stitch-bonded wiring tapes for automobiles by the Group has already laid a solid foundation for industrial upgrading. The Group will continue to develop new environmental-friendly filtration material technology, and strive to set an example in the development of new non-woven materials in the post-industrial era under the corporate culture of striving for the ultimate goal of "reducing industrial gas emissions and preserving clean waters and blue skies for mankind".

Based on the existing recycling economy industry, the Group will develop brand new recycled products. By increasing investment in the R&D of products like industrial filtration materials, composite materials and special fibre products, the Group will fill gaps in the domestic market with the best products and introduce high-end products with its own characteristics. The Group will be dedicated to promoting industrial upgrade, optimising the mode of production, facilitating product and technology marketing, cultivating operation and management talents and encouraging creativity and scientific innovation. Relying on the improving quality in production, R&D and marketing, we are confident that the Group will continue to develop at a steady pace with the concerted efforts of all staff and supports from our partners, building CECEP COSTIN into a world-leading new materials and recycled materials enterprise. We will exert every effort to create value for the Group and bring satisfactory returns to the shareholders and investors of the Company.

Other Information

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 June 2014, the Group had a total of 1,080 employees (31 December 2013: 979). The Group always maintains cordial working relationships with its employees and commits to the provision of excellent training and development opportunities for its staff. The Group's remuneration packages are maintained at a competitive level and are reviewed periodically. Bonus and share options are also granted to employees according to their respective performance, appraisals and industry practices. The share option scheme (the "Share Option Scheme") was adopted by the Company on 12 May 2010. No share options have been granted by the Company pursuant to the Share Option Scheme during the six months ended 30 June 2014. As at 30 June 2014, no share options remained outstanding.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

On 25 August 2014, the board (the "Board") of directors of the Company (the "Directors") has resolved to pay an interim dividend of HK3.5 cents per ordinary share to the shareholders of the Company (the "Shareholders") as recorded on the register of members of the Company on Wednesday, 8 October 2014. The interim dividend will be paid to the Shareholders on or about Wednesday, 15 October 2014.

The register of members of the Company will be closed from Monday, 6 October 2014 to Wednesday, 8 October 2014, both days inclusive, during which period no transfer of shares shall be effected. To qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 3 October 2014.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been 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 in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were as follows:

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Shares/underlying shares in the Company

Name of Directors	Number of shares/underlying shares held	Approximate % of the relevant issued share capital	Nature of interests
Mr. Chim Wai Kong	194,840,000 (L)	25.09%	Settlor of trust (Note 1)
	59,321,585 (L)	7.64%	Beneficiary of trust (Note 2)
	2,270,000 (L)	0.29%	Interests of controlled corporation (Note 3)
	328,709,190 (L)	42.34%	Interest of other party to an agreement under section 317 of the SFO (Notes 4 and 7)
Mr. Chim Wai Shing Jackson	194,840,000 (L)	25.09%	Settlor of trust (Note 1)
	49,567,988 (L)	6.38%	Beneficiary of trust (Note 5)
	330,979,190 (L)	42.63%	Interest of other party to an agreement under section 317 of the SFO (Notes 6 and 7)

(L): Long Position

Notes:

- 194,840,000 shares are held by Nian's Brother Holding Limited ("Nian's Brother Holding"). The entire interest of Nian's Brother Holding is wholly owned by Nian's Brother Investment Limited ("Nian's Investment") which in turn is held by Magnus Nominees Limited ("Magnus") as a nominee in favour of Coutts & Co Trustees (Jersey) Limited. ("Coutts"). Nian's Investment is a company incorporated in the British Virgin Islands ("BVI") provided by Coutts for the purpose of establishing the Nian's Brother Trust. Coutts is the trustee of Nian's Brother Trust. Nian's Brother Trust is a discretionary trust set up by Mr. Chim Wai Kong and Mr. Chim Wai Shing Jackson, both being executive Directors, for the benefit of their family members. For the purpose of Part XV of the SFO, each of Mr. Chim Wai Kong and Mr. Chim Wai Shing Jackson is deemed to be interested in the shares held by Nian's Brother Holding as the settlors of Nian's Brother Trust.
- Mr. Chim Wai Kong is also one of the beneficiaries of the Nian's Brother Trust and is deemed to be interested in 59,321,585 shares directly held by Nian's Brother Holding.
- 2,270,000 shares are held by Better Prospect Limited ("Better Prospect") which is 100% owned by Mr. Chim Wai Kong. He is therefore deemed to be interested in the 2,270,000 shares held by Better Prospect. Mr. Chim Wai Kong is a director of Better Prospect.
- These 328,709,190 shares are held by Hong Kong (Rong An) Investment Limited ("Hong Kong Rong An"). As a result of the shareholders deed entered into on 4 June 2013 among Hong Kong Rong An, Nian's Brother Holding, Mr. Chim Wai Kong and Mr. Chim Wai Shing Jackson (the "Shareholders Deed"), Mr. Chim Wai Kong is deemed (for the purpose of the duty of disclosure) to be interested in the above shares pursuant to Part XV of the SFO.
- Mr. Chim Wai Shing Jackson is also one of the beneficiaries of the Nian's Brother Trust and is deemed to be interested in 49,567,988 shares directly held by Nian's Brother Holding.
- These 330,979,190 shares comprise 328,709,190 shares directly held by Hong Kong Rong An and 2,270,000 shares indirectly held by Mr. Chim Wai Kong. As a result of the entering into of the Shareholders Deed, Mr. Chim Wai Shing Jackson is deemed (for the purpose of the duty of disclosure) to be interested in the above shares pursuant to Part XV of the SFO.
- Among these shares, 150,000,000 shares have been pledged by Hong Kong Rong An in favour of the Export-Import Bank of China as security for a loan facility provided by such bank to Hong Kong Rong An.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Shares/underlying shares in the Company (Continued)

Save as disclosed above, as at 30 June 2014, none of the Directors and the chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code contained in the Listing Rules to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Share Option Scheme adopted by the Company on 12 May 2010, at no time during the six months ended 30 June 2014 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme which became effective on 12 May 2010. Pursuant to the Share Option Scheme, the Directors may, at their discretion, invite any eligible employees (including executive Directors), any non-executive Directors, Shareholders, suppliers and customers of the Group and any other parties having contributed or may contribute to the development of the Group to take up options to subscribe for the shares. The subscription price shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares on the date of the offer; (ii) the average closing price of the shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the shares.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the total issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the total number of shares in issue as at the date of commencement of the listing of the shares on the Stock Exchange. The Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme save that the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. Where any further grant of options to a participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such participant and his associates abstaining from voting.

No share options have been granted by the Company pursuant to the Share Option Scheme during the six months ended 30 June 2014. As at 30 June 2014, no share options remained outstanding.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Director or chief executive of the Company, as at 30 June 2014, the persons or companies (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Number of shares held	Approximate % of the relevant issued share capital	Nature of interests
Hong Kong Rong An	328,709,190 (L)	42.34%	Beneficial owner (<i>Note 1</i>)
	197,110,000 (L)	25.38%	Interest of other party to an agreement under section 317 of the SFO (<i>Note 2</i>)
CECEP Chongqing	525,819,190 (L)	67.72%	Interest of controlled corporation (<i>Note 1</i>)
CECEP	525,819,190 (L)	67.72%	Interest of controlled corporation (<i>Note 1</i>)
Nian's Brother Holding	194,840,000 (L)	25.09%	Beneficial owner (<i>Note 3</i>)
	330,979,190 (L)	42.63%	Interest of other party to an agreement under section 317 of the SFO (<i>Note 4</i>)
Nian's Investment	525,819,190 (L)	67.72%	Interest of controlled corporation (<i>Note 3</i>)
Magnus	525,819,190 (L)	67.72%	Interest of controlled corporation (<i>Note 5</i>)
Coutts	525,819,190 (L)	67.72%	Trustee (<i>Note 5</i>)

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY (CONTINUED)

Name of Shareholders	Number of shares held	Approximate % of the relevant issued share capital	Nature of interests
Export – Import Bank of China	150,000,000 (L)	19.32%	Security interest in shares (Note 6)
Headwell	46,578,000 (L)	5.99%	Beneficial owner (Note 7)
Jin Shu Assets	46,578,000 (L)	5.99%	Interest of controlled corporation (Note 7)
Mr. Liu Shufa	46,578,000 (L)	5.99%	Interest of controlled corporation and family interest (Note 7)
Ms. Wang Juan	46,578,000 (L)	5.99%	Interest of controlled corporation and family interest (Note 7)
Gerfalcon Holding	40,000,000 (L)	5.15%	Beneficial owner (Note 8)
Mr. Hui Cheung Mau	40,000,000 (L)	5.15%	Interest of controlled corporation (Note 8)
	4,020,206 (L)	0.52%	Beneficiary of trust (Note 9)
Mr. Sze Fo Chau	40,000,000 (L)	5.15%	Interest of controlled corporation (Note 8)
	5,852,158 (L)	0.75%	Beneficiary of trust (Note 10)

(L): Long Position

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY (CONTINUED)

Notes:

1. *Hong Kong Rong An is a wholly-owned subsidiary of 重慶中節能實業有限責任公司 (CECEP Chongqing Industry Co., Ltd[#]) ("CECEP Chongqing") which is owned as to approximately 87.12% by 中國節能環保集團公司 (China Energy Conservation and Environmental Protection Group[#]) ("CECEP"). For the purpose of Part XV of the SFO, CECEP Chongqing and CECEP are therefore deemed to be interested in the shares held by Hong Kong Rong An. Hong Kong Rong An has pledged 150,000,000 shares in favour of the Export-Import Bank of China as security for a loan facility provided by such bank to it.*
2. *These 197,110,000 shares comprise 194,840,000 shares directly held by Nian's Brother Holding and 2,270,000 shares indirectly held by Mr. Chim Wai Kong. As a result of the entering into of the Shareholders Deed, Hong Kong Rong An is deemed (for the purpose of the duty of disclosure) to be interested in the above shares pursuant to Part XV of the SFO.*
3. *Nian's Brother Holding is a wholly-owned subsidiary of Nian's Investment. For the purpose of Part XV of the SFO, Nian's Investment is therefore deemed to be interested in the shares held by Nian's Brother Holding.*
4. *These 330,979,190 shares comprise 328,709,190 shares directly held by Hong Kong Rong An and 2,270,000 shares indirectly held by Mr. Chim Wai Kong. As a result of the entering into of the Shareholders Deed, Nian's Brother Holding is deemed (for the purpose of the duty of disclosure) to be interested in the above shares pursuant to Part XV of the SFO.*
5. *The entire interest of Nian's Investment is held by Magnus as a nominee in favour of Coutts for the purpose of establishing the Nian's Brother Trust. Coutts is the trustee of Nian's Brother Trust. For the purpose of Part XV of the SFO, Magnus and Coutts are deemed to be interested in the shares indirectly held by Nian's Investment.*
6. *These 150,000,000 shares are pledged by Hong Kong Rong An in favour of the Export-Import Bank of China as security for a loan facility provided by the Export-Import Bank of China to Hong Kong Rong An.*
7. *Headwell Investments Limited ("Headwell") is a wholly-owned subsidiary of Jin Shu Assets Management Limited ("Jin Shu Assets"). For the purpose of Part XV of the SFO, Jin Shu Assets is therefore deemed to be interested in the shares held by Headwell. Jin Shu Assets is owned by Mr. Liu Shufa as to 50% and Ms. Wang Juan as to 50%. Mr. Liu Shufa is the spouse of Ms. Wang Juan. Mr. Liu Shufa and Ms. Wang Juan are deemed to be interested in the shares held by each other.*
8. *Gerfalcon Holding Limited ("Gerfalcon Holding") is owned by Mr. Hui Cheung Mau as to 50% and Mr. Sze Fo Chau as to 50%.*
9. *Mr. Hui Cheung Mau is also one of the beneficiaries of the Nian's Brother Trust and is deemed to be interested in 4,020,206 shares directly held by Nian's Brother Holding.*
10. *Mr. Sze Fo Chau is also one of the beneficiaries of the Nian's Brother Trust and is deemed to be interested in 5,852,158 shares directly held by Nian's Brother Holding.*

Save as disclosed herein, the Directors are not aware of any person who was, as at 30 June 2014, directly or indirectly, interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

[#] *The English name is translated for reference only.*

Other Information

LOAN AGREEMENT

On 29 April 2013, the Company as borrower entered into a loan agreement (the "Loan Agreement") with a bank in respect of an unsecured term loan facility of up to HK\$150 million (the "Facility"). The loan shall be repaid by five successive half-yearly instalments, with the first instalment to be paid on the date falling twelve months after the date of the Loan Agreement and the final maturity date of the loan shall be 36 months from the date of the Loan Agreement.

Pursuant to the Loan Agreement, the Company has undertaken to procure that (i) CECEP will at all times beneficially own, whether directly or indirectly, not less than 51% of the entire capital or ownership interest in CECEP Chongqing; (ii) CECEP Chongqing will at all times remain the single largest shareholder of the Company and in any event maintain its beneficial ownership, whether directly or indirectly, of approximately 29% of the entire issued share capital of the Company from time to time; and (iii) CECEP Chongqing will at all times maintain its control over the board of directors of the Company. Such undertaking shall remain in force throughout the continuance of the Loan Agreement and for so long as any sum remains owing thereunder. A breach of the undertaking will constitute an event of default and the bank may declare all outstanding amounts together with accrued interest under the Loan Agreement to be immediately due and payable and/or declare the Facility terminated.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code, as set out in Appendix 14 to the Listing Rules, throughout the six months ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the "Code"). Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Code throughout the six months ended 30 June 2014.

Other Information

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Company (the "Audit Committee") comprises Mr. Wong Siu Hong (independent non-executive Director), Mr. Feng Xue Ben (independent non-executive Director) and Mr. Xu Qinghua (independent non-executive Director).

The Group's unaudited interim report for the six months ended 30 June 2014 has been reviewed by the Audit Committee, which is of the opinion that such interim report complies with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures have been made.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2014 have also been reviewed by RSM Nelson Wheeler, the auditor of the Company, in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", whose review report is disclosed in page 17 of this interim report.

By order of the Board

CECEP COSTIN New Materials Group Limited

Yu Heping

Co-Chairman

Hong Kong, 25 August 2014

Chim Wai Kong

Co-Chairman

Independent Review Report



TO THE BOARD OF DIRECTORS OF CECEP COSTIN NEW MATERIALS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 30 which comprises the condensed consolidated statement of financial position of CECEP COSTIN New Materials Group Limited (the “Company”) and its subsidiaries (collectively referred as the “Group”) as at 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of 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 interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Federation of Accountants. A review of 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 International 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

25 August 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	Note	Six months ended 30 June	
		2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Turnover	3	536,824	612,209
Cost of goods sold		(371,394)	(410,734)
Gross profit		165,430	201,475
Other income		21,422	7,925
Distribution expenses		(7,179)	(7,319)
Administrative expenses		(40,402)	(39,827)
Profit from operations		139,271	162,254
Finance costs	4	(10,458)	(24,502)
Profit before tax		128,813	137,752
Income tax expense	5	(38,324)	(40,180)
Profit for the period attributable to owners of the Company	6	90,489	97,572
Other comprehensive income for the period, net of tax			
<i>Item that will be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(1,227)	2,174
Total comprehensive income for the period attributable to owners of the Company		89,262	99,746
		RMB	RMB
Earnings per share	8		
Basic		11.65 cents	12.57 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	Note	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	386,041	411,247
Construction in progress	9	7,356	8,234
Investment properties		10,182	6,463
Prepayments for acquisition of property, plant and equipment		26,130	24,523
		429,709	450,467
Current assets			
Inventories		270,393	141,648
Trade and bills receivables	10	240,298	363,839
Prepayments, deposits and other receivables		11,101	12,704
Pledged bank deposits		–	7,149
Bank and cash balances		1,080,014	1,105,204
		1,601,806	1,630,544
Current liabilities			
Trade payables	11	75,467	147,877
Accruals and other payables		46,361	55,101
Bank loans		273,726	270,798
Finance lease payables		93	182
Current tax liabilities		20,564	26,540
		416,211	500,498
Net current assets		1,185,595	1,130,046
Total assets less current liabilities		1,615,304	1,580,513
Non-current liabilities			
Bank loans		104,314	124,068
Deferred tax liabilities		62,003	56,851
		166,317	180,919
NET ASSETS		1,448,987	1,399,594
Capital and reserves			
Share capital	12	68,475	68,475
Reserves		1,380,512	1,331,119
TOTAL EQUITY		1,448,987	1,399,594

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2014

	<i>(Unaudited)</i>									
	<i>Share capital</i>	<i>Share premium account</i>	<i>Share-based payment reserve</i>	<i>Convertible bond reserve</i>	<i>Foreign currency translation reserve</i>	<i>Statutory reserve</i>	<i>Capital reserve</i>	<i>Merger reserve</i>	<i>Retained profits</i>	<i>Total</i>
At 1 January 2013	68,475	240,477	21,131	3,068	(13,804)	168,350	20,934	79,974	623,963	1,212,568
Total comprehensive income for the period	-	-	-	-	2,174	-	-	-	97,572	99,746
Dividends paid (note 7)	-	-	-	-	-	-	-	-	(40,820)	(40,820)
Share-based payments	-	-	1,358	-	-	-	-	-	-	1,358
Lapse of share options granted in prior years	-	-	(420)	-	-	-	-	-	420	-
Changes in equity for the period	-	-	938	-	2,174	-	-	-	57,172	60,284
At 30 June 2013	68,475	240,477	22,069	3,068	(11,630)	168,350	20,934	79,974	681,135	1,272,852
At 1 January 2014	68,475	240,477	-	-	(10,218)	178,653	20,934	79,974	821,299	1,399,594
Total comprehensive income for the period	-	-	-	-	(1,227)	-	-	-	90,489	89,262
Dividends paid (note 7)	-	-	-	-	-	-	-	-	(39,869)	(39,869)
Changes in equity for the period	-	-	-	-	(1,227)	-	-	-	50,620	49,393
At 30 June 2014	68,475	240,477	-	-	(11,445)	178,653	20,934	79,974	871,919	1,448,987

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	<i>Six months ended 30 June</i>	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	30,674	181,422
NET CASH GENERATED FROM INVESTING ACTIVITIES	2,899	6,705
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(59,454)	89,136
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(25,881)	277,263
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,105,204	963,391
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	691	(3,327)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	1,080,014	1,237,327
Bank and cash balances	1,080,014	1,237,327

Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2013 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2013.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

3. SEGMENT INFORMATION

(a) Information about reportable segment profit/(loss) and segment assets:

	<i>Non-woven materials RMB'000 (unaudited)</i>	<i>Recycled chemical fibres RMB'000 (unaudited)</i>	<i>Thermal resistant filtration materials RMB'000 (unaudited)</i>	<i>Others RMB'000 (unaudited)</i>	<i>Total RMB'000 (unaudited)</i>
Six months ended 30 June 2014:					
Revenue from external customers	416,143	78,099	39,124	3,458	536,824
Intersegment revenue	306	5,804	-	-	6,110
Segment profit/(loss)	149,576	15,057	(321)	1,118	165,430
At 30 June 2014:					
Segment assets	239,284	76,303	170,475	5,283	491,345
Six months ended 30 June 2013:					
Revenue from external customers	500,303	83,098	26,842	1,966	612,209
Intersegment revenue	-	8,193	-	791	8,984
Segment profit/(loss)	185,616	17,723	(2,291)	427	201,475
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
At 31 December 2013:					
Segment assets	132,930	67,521	178,870	4,532	383,853

(b) Reconciliations of segment profit or loss:

	<i>Six months ended 30 June</i>	
	<i>2014</i>	<i>2013</i>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Total profit or loss of reportable segments	165,430	201,475
Unallocated amounts:		
Other income	21,422	7,925
Distribution expenses	(7,179)	(7,319)
Administrative expenses	(40,402)	(39,827)
Finance costs	(10,458)	(24,502)
Consolidated profit before tax	128,813	137,752

Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

4. FINANCE COSTS

	<i>Six months ended 30 June</i>	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Finance lease charges	4	10
Interest expense on bank loans	10,454	12,152
Interest expense on convertible bond	–	12,340
	10,458	24,502

5. INCOME TAX EXPENSE

	<i>Six months ended 30 June</i>	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax		
– the People's Republic of China ("PRC") enterprise income tax ("PRC EIT")	33,172	35,722
Deferred tax	5,152	4,458
	38,324	40,180

The new PRC EIT law (the "New Tax Law") passed by the Tenth National People's Congress on 16 March 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The New Tax Law was effective from 1 January 2008.

No provision for Hong Kong Profits Tax has been made in the financial statements since the subsidiaries of the Company incorporated in Hong Kong either have no assessable profits or have sufficient tax losses brought forward to set off against current period's assessable profits for the period ended 30 June 2014. No provision for Hong Kong Profits Tax was required for the subsidiaries of the Company incorporated in Hong Kong since they have no assessable profits for the period ended 30 June 2013.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

6. PROFIT FOR THE PERIOD

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

	<i>Six months ended 30 June</i>	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Gain on disposals of property, plant and equipment	(44)	–
Government grants	(17,236)	(1,040)
Interest income	(2,692)	(4,038)
Rental income	(1,302)	(1,483)
Cost of inventories sold	371,394	410,734
Depreciation of property, plant and equipment	25,070	22,869
Depreciation of investment properties	538	518
Directors' remuneration		
Salaries, bonus and allowances	1,919	2,122
Retirement benefits scheme contributions	12	12
Equity-settled share-based payments	–	165
	1,931	2,299
Net exchange loss/(gain)	1,781	(1,257)
Operating leases charges in respect of land and buildings	2,592	2,930
Research and development expenditure	4,992	5,485
Staff costs (excluding directors' remuneration)		
Salaries, bonus and allowances	29,341	22,652
Retirement benefits scheme contributions	391	401
Equity-settled share-based payments	–	1,193
	29,732	24,246

Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

7. DIVIDENDS

	<i>Six months ended 30 June</i>	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interim dividend declared – RMB2.8 cents (HK3.5 cents) (2013: RMB2.9 cents (HK3.5 cents)) per ordinary share	21,617	21,615
Final dividend for the year ended 31 December 2013 approved and paid – RMB5.1 cents (HK6.5 cents) (2012: RMB5.3 cents (HK6.5 cents)) per ordinary share	39,869	40,820
	61,486	62,435

The interim dividend has not been recognised as a liability as at 30 June 2014.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	<i>Six months ended 30 June</i>	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	90,489	97,572
Number of shares		
Weighted average number of ordinary shares used in the basic earnings per share calculation	776,422,000	776,422,000

The effect of potential ordinary shares in respect of convertible bond was anti-dilutive for the period ended 30 June 2013.

No diluted earnings per share was presented as the Company did not have any dilutive potential ordinary sharing in respect of share options for the period ended 30 June 2013.

Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

9. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

During the six months ended 30 June 2014, the Group acquired property, plant and equipment and incurred costs for construction in progress of approximately RMB2,934,000 and RMB321,000 respectively (Six months ended 30 June 2013: RMB7,311,000 and RMB1,636,000 respectively).

10. TRADE AND BILLS RECEIVABLES

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
Trade receivables	237,930	354,453
Bills receivables	2,368	9,386
	240,298	363,839

The Group normally allows credit terms to customers ranging from 30 to 180 days (At 31 December 2013: 30 to 180 days). For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of the trade receivables as at the end of the reporting period, based on the delivery date, and net of allowances, is as follows:

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
0-30 days	115,796	155,383
31-60 days	75,554	116,559
61-90 days	19,522	66,665
91-120 days	6,067	5,139
121-150 days	1,440	4,577
151-180 days	2,519	653
Over 180 days	17,032	5,477
	237,930	354,453

Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

11. TRADE PAYABLES

The Group normally obtains credit terms ranging from 45 to 90 days (At 31 December 2013: 60 to 90 days) from its suppliers.

The aging analysis of the trade payables as at the end of the reporting period, based on the date of receipt of goods, is as follows:

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
0-30 days	31,248	59,151
31-60 days	15,348	69,156
61-90 days	13,392	11,693
91-120 days	4,912	5,336
121-150 days	1,488	1,537
151-180 days	354	233
Over 180 days	8,725	771
	75,467	147,877

12. SHARE CAPITAL

	Number of shares	Amount HK\$	Amount as presented RMB
Authorised:			
Ordinary shares of HK\$0.1 each			
At 1 January 2013 (audited),			
31 December 2013 (audited),			
1 January 2014 and 30 June 2014 (unaudited)	2,000,000,000	200,000,000	176,000,000
Issued and fully paid:			
Ordinary shares of HK\$0.1 each			
At 1 January 2013 (audited),			
31 December 2013 (audited),			
1 January 2014 and 30 June 2014 (unaudited)	776,422,000	77,642,200	68,474,747

Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

13. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions disclosed elsewhere in the condensed financial statements, the Group had the following transactions with its related parties during the period:

	<i>Six months ended 30 June</i>	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of finished goods to related companies	32	544
Purchase of raw materials from a related company	21,999	21,855
Rental income charged to a related company	–	1,013
Rental expenses charged by related companies	1,120	1,120

- (b) In addition to those related party balances disclosed elsewhere in the condensed financial statements, the Group had the following balances with its related parties:

	At	<i>At</i>
	30 June	31 December
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade receivables from related companies	630	322
Trade deposit paid to a related company	5,839	7,245

- (c) At 30 June 2014, certain related companies have guaranteed certain banking facilities granted to the Group in the amount of approximately RMB283,000,000 (At 31 December 2013: RMB283,000,000).
- (d) At 30 June 2014, certain directors and related parties have jointly guaranteed the banking facilities granted to the Group in the amount of RMB300,000,000 (At 31 December 2013: Nil).

Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

13. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Remuneration of key management personnel:

	<i>Six months ended 30 June</i>	
	2014	<i>2013</i>
	RMB'000	<i>RMB'000</i>
	(unaudited)	<i>(unaudited)</i>
Salaries, bonus and allowances		
– Directors	1,919	2,122
– Key management	968	778
Sub-total	2,887	2,900
Retirement benefits scheme contributions		
– Directors	12	12
– Key management	6	6
Sub-total	18	18
Equity-settled share-based payments		
– Directors	–	165
– Key management	–	856
Sub-total	–	1,021
Total	2,905	3,939

14. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2014 (At 31 December 2013: Nil).

15. CAPITAL COMMITMENTS

	<i>At</i>	<i>At</i>
	30 June	<i>31 December</i>
	2014	<i>2013</i>
	RMB'000	<i>RMB'000</i>
	(unaudited)	<i>(audited)</i>
Contracted but not provided for		
Construction in progress	318	650
Property, plant and equipment	10,423	972
	10,741	1,622

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25 August 2014.